

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

December 17, 2004

Date of Report (Date of earliest event reported)

INERGY, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-32453
(Commission File Number)

43-1918951
(I.R.S. Employer
Identification Number)

**Two Brush Creek Boulevard, Suite 200
Kansas City, MO 64112**
(Address of Principal Executive Offices) (Zip Code)

(816) 842-8181
Registrant's telephone number, including area code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On December 17, 2004, we entered into a 5-Year Credit Agreement (the “5-Year Agreement”) with the lenders that are parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Lehman Commercial Paper, Inc. and Wachovia Bank, National Association, as co-syndication agents, and Fleet National Bank and Bank of Oklahoma, National Association, as co-documentation agents. Pursuant to the terms of the 5-Year Agreement, we may borrow up to \$250 million in revolving loans (the “Acquisition Facility”) for the purposes of—

- refinancing the indebtedness of Inergy Propane, LLC under its existing credit agreement,
- financing the acquisition of Star Gas Propane, L.P. and Stellar Propane Service, LLC by Inergy Propane,
- financing certain permitted acquisitions,
- financing certain expansion capital expenditures, and
- financing our working capital needs and those of our subsidiaries (up to \$25 million).

We may also borrow up to \$75 million in revolving loans (the “Working Capital Facility”) for the purposes of—

- refinancing indebtedness of Inergy Propane under its existing credit agreement, and
- financing our working capital needs and those of our subsidiaries.

On December 17, 2004, we also entered into a 364-Day Credit Agreement (the “364-Day Agreement”, and together with the 5-Year Agreement, the “Credit Agreements”) with the lenders that are parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Lehman Commercial Paper, Inc. and Wachovia Bank, National Association, as co-syndication agents, and Fleet National Bank, as documentation agent. Pursuant to the terms of the 364-Day Agreement, we may borrow up to \$375 million in revolving loans for the purpose of financing the acquisition of Star Gas Propane, L.P. and Stellar Propane Service, LLC by Inergy Propane, LLC and related expenses.

On December 17, 2004, we borrowed \$57 million under the Working Capital Facility, \$192 million under the Acquisition Facility and \$375 million under the 364-Day Agreement. Subsequently, on December 22, 2004 we repaid the full amount of \$375 million drawn on the 364-Day Agreement and repaid \$161 million of the outstanding balance on the Acquisition Facility with net proceeds of approximately \$536 million from our \$425 million senior notes offering and the 4.4 million common unit offering which closed on December 22, 2004. After making such payments, the 364-Day Agreement was terminated and no further amounts may be borrowed under that agreement. The outstanding balance under the Acquisition Facility is \$31 million after giving effect to the aforementioned repayments.

During each fiscal year beginning October 1, the outstanding balance of the Working Capital Facility must be reduced to \$5.0 million or less for a minimum of 30 consecutive days during the period commencing March 1 and ending September 30 of each calendar year.

At our option, loans under the Credit Agreements bear interest at either the prime rate or LIBOR (preadjusted for reserves), plus, in each case, an applicable margin. The applicable margin varies quarterly based on our leverage ratio. We also pay a fee based on the average daily unused commitments under the Credit Agreements.

The obligations of each of the Credit Agreements are secured by first priority liens on substantially all of our assets and those of our domestic subsidiaries and the pledge of all of the

equity interests or membership interests in our domestic subsidiaries. In addition, the Credit Agreements are guaranteed by each of our domestic subsidiaries.

We are required to use the net proceeds from the issuance of any equity or debt (subject to certain exceptions) to repay the amounts owing under the 364-Day Agreement. Amounts repaid under the 364-Day Agreement may not be reborrowed.

We are required to use 50% of the net cash proceeds (that are not applied to purchase replacement assets) from asset dispositions (other than the sale of inventory and motor vehicles in the ordinary course of business, sales of assets among us and our domestic subsidiaries, and the sale or disposition of obsolete or worn-out equipment) to reduce borrowings under the Credit Agreements during any fiscal year in which unapplied net cash proceeds are in excess of \$10 million (or \$50 million after the 364-Day Agreement has been repaid). Such mandatory prepayments are first applied to reduce borrowings under the 364-Day Agreement, then under the Acquisition Facility and then the Working Capital Facility.

Each of the Credit Agreements contains various covenants limiting our and our subsidiaries' ability to (subject to various exceptions), among other things:

- incur other indebtedness (other than permitted junior debt on the terms described below);
- grant or incur liens;
- make investments, loans and acquisitions;
- enter into a merger, consolidation or sale of assets;
- enter into any sale-leaseback transaction or enter into any new business;
- enter into any agreement that conflicts with the credit facility or ancillary agreements;
- make any change in its principles and methods of accounting as currently in effect, except as such changes are permitted by GAAP;
- enter into certain affiliate transactions;
- pay dividends or make distributions in excess of available cash or if we are in default under the 5-Year Agreement;
- permit operating lease obligations to exceed \$20 million in any fiscal year;
- enter into any debt (other than permitted junior debt) that contains covenants more restrictive than those of the Credit Agreements or enter into any permitted junior debt that contains negative covenants more restrictive than those of the Credit Agreements;

- enter into hedge agreements that do not hedge or mitigate risks to which we or our subsidiaries have actual exposure;
- enter into put agreements or grant any put rights with respect to equity interests of us or our subsidiaries;
- prepay, redeem, defease or otherwise acquire any permitted junior debt or make certain amendments to permitted junior debt; and
- modify their respective organizational documents.

“Permitted junior debt” consists of—

- our \$425 million 6.875% senior notes due December 15, 2014 that are to be issued on December 22, 2004,
- other debt that is substantially similar to the 6.875% senior notes, and
- other debt of us and our subsidiaries that is either unsecured debt, or second lien debt that is subordinated to the obligations under the Credit Agreements.

Permitted junior debt may be incurred under the Credit Agreements so long as—

- there is no default under the Credit Agreements,
- the ratio of our total funded debt to consolidated EBITDA is less than 5.0 to 1.0 on a pro forma basis;
- the debt does not mature, and no installments of principal are due and payable on the debt, prior to the maturity date of the Credit Agreements; and
- other than in connection with the 6.875% senior notes and other substantially similar debt, the debt does not contain covenants more restrictive than those in the Credit Agreements.

Each of the Credit Agreements contains the following financial covenants:

- the ratio of total funded debt (as defined in each of the Credit Agreements) to consolidated EBITDA (as defined in each of the Credit Agreements) for the four fiscal quarters most recently ended must be no greater than 5.50 to 1.0 as of the end of the fiscal quarters ending December 31, 2004 and March 31, 2005 and no greater than 4.75 to 1.0 as of the end of each fiscal quarter thereafter.
- the ratio of senior secured funded debt (as defined in each of the Credit Agreements) to consolidated EBITDA for the four fiscal quarters most recently ended determined as of the end of each fiscal quarter ending on and after December 31, 2005 for the period of four consecutive fiscal quarters ending with the end of such fiscal quarter must be greater than 3.75 to 1.0.

- the ratio of consolidated EBITDA to consolidated interest expense (as defined in each of the Credit Agreements), in each case for the four fiscal quarters then most recently ended, must be less than 2.5 to 1.0.

Each of the following is an event of default under each of the Credit Agreements:

- default in the payment of principal when due;
- default in payment of interest, fees or other amounts within three business days of their due date;
- violation of specified affirmative and negative covenants contained in each of the Credit Agreements;
- default in the performance or observance of any other covenant, condition or agreement contained in either of the Credit Agreements or any ancillary document related to either of the Credit Agreements for 30 days;
- specified cross defaults;
- bankruptcy and other insolvency events of us or our material subsidiaries;
- judgments exceeding \$2.5 million (to the extent not covered by insurance) against us or any of its subsidiaries are undischarged or unstayed for a period of 30 consecutive days;
- certain defaults under ERISA that could reasonably be expected to result in a material adverse effect; or
- the occurrence of certain change of control events.

The foregoing is a summary of each of the Credit Agreements, and does not purport to be a complete discussion of either document. Accordingly, the foregoing is qualified in its entirety by reference to the full text of each of the Credit Agreements annexed to this Form 8-K as Exhibit 10.1 and Exhibit 10.2, respectively.

Item 2.01 Acquisition or Disposition of Assets

Acquisition of Assets

On December 17, 2004, our wholly owned subsidiary, Inergy Propane, LLC, a limited liability company (“Inergy Propane”), acquired all of the propane distribution and related services segment of Star Gas Partners, L.P. In exchange, Inergy Propane paid \$475 million plus interest from December 1, 2004 and a working capital adjustment, subject to post-closing adjustment. For economic purposes, the transaction will be treated as having occurred on November 30, 2004.

On December 16, 2004, Stellar Propane Service Corp. was merged into a limited liability company with the name Stellar Propane Service, LLC. Immediately following the acquisition, Star Gas Propane, L.P. was converted to a limited liability company and renamed Inergy Gas, LLC. As a result of this transaction, Inergy Propane is the sole member of Inergy Gas, LLC, which in turn is the sole member of Stellar Propane Service, LLC.

As part of the acquisition, Inergy Propane entered into a five year noncompetition agreement whereby Star Gas Partners, L.P. and Star Gas LLC agreed not to compete in the propane business in certain regions.

On December 17, 2004, we issued a press release announcing that Inergy Propane had completed the purchase. A copy of the press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth above under Item 1.01, "Entry into a Definitive Material Agreement," is hereby incorporated by referenced into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited financial statements of Inergy Gas, LLC and Stellar Propane Service, LLC for the years ended September 30, 2002, 2003 and 2004 were previously filed by Inergy, L.P. in a Current Report on Form 8-K on December 15, 2004 and are incorporated by reference herein.

(b) Pro Forma Financial Information.

The pro forma financial statements required by this Item were previously filed by Inergy, L.P. in a Current Report on Form 8-K on December 15, 2004 and are incorporated by reference herein.

(c) Exhibits.

10.1. 5-Year Credit Agreement dated as of December 17, 2004, among Inergy, L.P., the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Lehman Commercial Paper, Inc. and Wachovia Bank, National Association, as Co-Syndication Agents, and Fleet National Bank and Bank of Oklahoma, National Association, as Co-Documentation Agents.

10.2. 364-Day Credit Agreement dated as of December 17, 2004, among Inergy, L.P., the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Lehman Commercial Paper, Inc. and Wachovia Bank, National Association, as Co-Syndication Agents, and Fleet National Bank, as Documentation Agent.

- 10.3. Guaranty dated as of December 17, 2004 among Inergy Propane, LLC, L & L Transportation, LLC, Inergy Transportation, LLC, Inergy Sales & Service, Inc., Inergy Finance Corp., Inergy Acquisition Company, LLC, Stellar Propane Service, LLC and Inergy Gas, LLC in favor of JPMorgan Chase Bank, N.A., as Administrative Agent for the benefit of the Holders of Secured Obligations under the Credit Agreements.
- 10.4. Pledge and Security Agreement dated as of December 17, 2004 among Inergy, L.P. and the other Subsidiaries of Inergy, L.P. listed on the signature pages thereto, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders party to the Credit Agreements.
- 10.5. Trademark Security Agreement dated as of December 17, 2004 among Inergy, L.P. and the subsidiaries of Inergy, L.P. listed on the signature page attached thereto and JPMorgan Chase Bank, N.A., as administrative agent on behalf of itself and on behalf of the Holders of Secured Obligations under the Credit Agreements.
- 10.6. Noncompetition Agreement, dated December 17, 2004, among Inergy Propane, LLC, Star Gas Partners, L.P. and Star Gas LLC.
- 99.1. Inergy, L.P. Press Release dated December 17, 2004.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INERGY, L.P.

By: INERGY GP, LLC, its Managing General
Partner

Dated: December 22, 2004

By: /s/ Laura L. Ozenberger
Laura L. Ozenberger
Vice President — General Counsel and
Secretary

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
10.1.	5-Year Credit Agreement dated as of December 17, 2004, among Inergy, L.P., the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Lehman Commercial Paper, Inc. and Wachovia Bank, National Association, as Co-Syndication Agents, and Fleet National Bank and Bank of Oklahoma, National Association, as Co-Documentation Agents.
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10.3.	Guaranty dated as of December 17, 2004 among Inergy Propane, LLC, L & L Transportation, LLC, Inergy Transportation, LLC, Inergy Sales & Service, Inc., Inergy Finance Corp., Inergy Acquisition Company, LLC, Stellar Propane Service, LLC and Inergy Gas, LLC in favor of JPMorgan Chase Bank, N.A., as Administrative Agent for the benefit of the Holders of Secured Obligations under the Credit Agreements.
10.4.	Pledge and Security Agreement dated as of December 17, 2004 among Inergy, L.P. and the other Subsidiaries of Inergy, L.P. listed on the signature pages thereto, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders party to the Credit Agreements.
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10.6.	Noncompetition Agreement, dated December 17, 2004, among Inergy Propane, LLC, Star Gas Partners, L.P. and Star Gas LLC.
99.1.	Inergy, L.P. Press Release dated December 17, 2004.

5-YEAR CREDIT AGREEMENT

dated as of

DECEMBER 17, 2004

among

INERGY, L.P.

as the Borrower

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

LEHMAN COMMERCIAL PAPER INC. and WACHOVIA BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agents

and

FLEET NATIONAL BANK and BANK OF OKLAHOMA, NATIONAL ASSOCIATION,
as Co-Documentation Agents

J.P. MORGAN SECURITIES INC. and WACHOVIA CAPITAL MARKETS LLC,
as Joint Bookrunners and Co-Lead Arrangers

TABLE OF CONTENTS

		<u>Page</u>
	ARTICLE I	
	Definitions	
SECTION 1.01.	Defined Terms	1
SECTION 1.02.	Classification of Loans and Borrowings	25
SECTION 1.03.	Terms Generally	26
SECTION 1.04.	Accounting Terms; GAAP	26
	ARTICLE II	
	The Credits	
SECTION 2.01.	Commitments	26
SECTION 2.02.	Loans and Borrowings	27
SECTION 2.03.	Requests for Revolving Borrowings	27
SECTION 2.04.	Intentionally Omitted	28
SECTION 2.05.	Swingline Loans	28
SECTION 2.06.	Letters of Credit	29
SECTION 2.07.	Funding of Borrowings	34
SECTION 2.08.	Interest Elections	34
SECTION 2.09.	Termination and Reduction of Commitments	35
SECTION 2.10.	Repayment of Loans; Evidence of Debt	36
SECTION 2.11.	Prepayment of Loans	37
SECTION 2.12.	Fees	39
SECTION 2.13.	Interest	40
SECTION 2.14.	Alternate Rate of Interest	40
SECTION 2.15.	Increased Costs	41
SECTION 2.16.	Break Funding Payments	42
SECTION 2.17.	Taxes	43
SECTION 2.18.	Payments Generally; Pro Rata Treatment; Sharing of Set-offs	44
SECTION 2.19.	Mitigation Obligations; Replacement of Lenders	45
	ARTICLE III	
	Representations and Warranties	
SECTION 3.01.	Organization; Powers; Ownership	46
SECTION 3.02.	Authorization; Enforceability	47
SECTION 3.03.	Governmental Approvals; No Conflicts	47
SECTION 3.04.	Financial Condition; No Material Adverse Change	47

SECTION 3.05.	Properties	47
SECTION 3.06.	Litigation, Contingent Obligations, Labor and Environmental Matters	48
SECTION 3.07.	Compliance with Laws; Governmental Approvals	49
SECTION 3.08.	Investment and Holding Company Status	49
SECTION 3.09.	Taxes	49
SECTION 3.10.	ERISA	50
SECTION 3.11.	Disclosure	50
SECTION 3.12.	No Default	50
SECTION 3.13.	Margin Stock	50
SECTION 3.14.	No Burdensome Restrictions	50
SECTION 3.15.	Solvency	51
SECTION 3.16.	Debt and Permitted Investments	51
SECTION 3.17.	Fiscal Year	51

ARTICLE IV

Conditions

SECTION 4.01.	Effective Date	51
SECTION 4.02.	Each Credit Event	54

ARTICLE V

Affirmative Covenants

SECTION 5.01.	Financial Statements and Other Information	54
SECTION 5.02.	Notices of Material Events	56
SECTION 5.03.	Existence; Conduct of Business	57
SECTION 5.04.	Payment of Obligations	57
SECTION 5.05.	Maintenance of Properties; Insurance	57
SECTION 5.06.	Books and Records; Inspection Rights	58
SECTION 5.07.	Compliance with Laws	58
SECTION 5.08.	Use of Proceeds	58
SECTION 5.09.	Subsidiary Guaranty	59
SECTION 5.10.	Collateral	59
SECTION 5.11.	Performance of Obligations; Further Assurances	60
SECTION 5.12.	Risk Management Policy	60
SECTION 5.13.	Acquisition of Property and Assets	60
SECTION 5.14.	ERISA	61
SECTION 5.15.	Environmental Reports	61

ARTICLE VI

Negative Covenants

SECTION 6.01.	Debt	62
SECTION 6.02.	Liens	62
SECTION 6.03.	Mergers; Sales of Assets; Sale-Leasebacks and other Fundamental Changes	62
SECTION 6.04.	Investments, Loans, Advances, Guarantees and Acquisitions	63
SECTION 6.05.	Hedging Agreements; Put Agreements	64
SECTION 6.06.	Restricted Payments	64
SECTION 6.07.	Transactions with Affiliates	64
SECTION 6.08.	Restrictive Agreements	65
SECTION 6.09.	Changes in Accounting Principles; Fiscal Year	65
SECTION 6.10.	Lease Obligations	65
SECTION 6.11.	Amendments to Organic Documents	65
SECTION 6.12.	Financial Covenants	65
SECTION 6.13.	Permitted Junior Debt and Amendments to Permitted Junior Debt Documents	66

ARTICLE VII

Events of Default

ARTICLE VIII

The Administrative Agent

ARTICLE IX

Miscellaneous

SECTION 9.01.	Notices	73
SECTION 9.02.	Waivers; Amendments	74
SECTION 9.03.	Expenses; Indemnity; Damage Waiver	74
SECTION 9.04.	Successors and Assigns	76
SECTION 9.05.	Survival	78
SECTION 9.06.	Counterparts; Integration; Effectiveness	79
SECTION 9.07.	Severability	79
SECTION 9.08.	Right of Setoff	79
SECTION 9.09.	Governing Law; Jurisdiction; Consent to Service of Process	79
SECTION 9.10.	WAIVER OF JURY TRIAL	80
SECTION 9.11.	Headings	80
SECTION 9.12.	Confidentiality	80
SECTION 9.13.	USA PATRIOT Act	81

SCHEDULES:

- Schedule 2.01 — Commitments
- Schedule 2.06 — Existing Letters of Credit
- Schedule 3.01 — Subsidiaries
- Schedule 3.05 — Properties
- Schedule 5.10 — Location of Collateral
- Schedule 6.01 — Existing Debt
- Schedule 6.02 — Permitted Liens

EXHIBITS:

- Exhibit A — Form of Assignment and Assumption
- Exhibit B — Form of Opinion of Borrower's Counsel
- Exhibit C — Form of Written Money Transfer Instruction
- Exhibit D — List of Closing Documents
- Exhibit E — Form of Compliance Certificate

5-YEAR CREDIT AGREEMENT dated as of December 17, 2004, among INERGY, L.P., the LENDERS party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, LEHMAN COMMERCIAL PAPER INC. and WACHOVIA BANK, NATIONAL ASSOCIATION, as Co-Syndication Agents and FLEET NATIONAL BANK and BANK OF OKLAHOMA, NATIONAL ASSOCIATION, as Co-Documentation Agents.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Acquisition Commitment” with respect to each Lender, the commitment of such Lender to make Acquisition Loans. On the Effective Date, the aggregate amount of the Acquisition Commitments is Two Hundred Fifty Million Dollars (\$250,000,000).

“Acquisition Credit Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Acquisition Loans.

“Acquisition Loans” means Revolving Loans made pursuant to Section 2.01.01.

“Adjusted LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Combined Commitment” means the sum of the Aggregate Commitment and the “Aggregate Commitment” under the 364-Day Credit Agreement, as such amounts may be reduced or modified at any time or from time to time pursuant to the terms

hereof and the terms of the 364-Day Credit Agreement. On the Effective Date, the Aggregate Combined Commitment is Seven Hundred Million Dollars (\$700,000,000).

“Aggregate Commitment” means the sum of the Acquisition Commitments and the Working Capital Commitments, as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof. On the Effective Date, the Aggregate Commitment is Three Hundred Twenty-Five Million Dollars (\$325,000,000).

“Alternate Base Rate” means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“Annual Budget” means a budget setting forth detailed quarterly projections of the earnings and expenditures of the Borrower and its Consolidated Subsidiaries.

“Applicable Laws” means all applicable provisions of constitutions, statutes, laws, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of all Governmental Authorities and all orders and decrees of all courts and arbitrators.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

“Applicable Pledge Percentage” means 100%, but (x) 65% in the case of a pledge of Capital Stock of a First Tier Foreign Subsidiary to the extent a 100% pledge would cause a Deemed Dividend Problem or (y) 0% in the case a pledge of Capital Stock of such a Subsidiary would cause a Financial Assistance Problem.

“Applicable Rate” means, for any day, with respect to any ABR Loan or Eurodollar Revolving Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption “ABR Spread”, “Eurodollar Spread” or “Commitment Fee”, as the case may be, based upon the Total Leverage Ratio as reflected in the then most recently delivered Financials:

<u>Pricing Level:</u>	<u>Total Leverage Ratio:</u>	<u>Commitment Fee:</u>	<u>ABR Spread:</u>	<u>Eurodollar Spread:</u>
Level I	£3.0x	0.300%	0.250%	1.750%
Level II	>3.0x but £3.5x	0.375%	0.500%	2.000%
Level III	>3.5x but £4.0x	0.375%	0.750%	2.250%
Level IV	>4.0x but £4.5x	0.500%	1.000%	2.500%
Level V	>4.5x	0.500%	1.250%	2.750%

For purposes of the foregoing,

(i) if at any time the Borrower fails to deliver the Financials required under Section 5.01(a) or 5.01(b) on or before the date such Financials are due, Pricing Level V shall be deemed applicable for the period commencing five (5) Business Days after such required date of delivery and ending on the date which is five (5) Business Days after such Financials are actually delivered, after which the Pricing Level shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Pricing Level then in effect shall be effective five (5) Business Days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Pricing Level shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(iii) each determination of the Applicable Rate made by the Administrative Agent in accordance with the foregoing shall, if reasonably determined, be conclusive and binding on the Borrower and each Lender.

Notwithstanding the foregoing, Pricing Level V shall be deemed to be applicable until the Administrative Agent's receipt of the applicable Financials for the period ending on or about December 31, 2004 and adjustments to the Pricing Level then in effect shall thereafter be effected in accordance with the preceding provisions.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Available Cash" means, with respect to the Borrower, for any period:

(a) the sum of:

(1) all cash and cash equivalents of the Borrower and its Subsidiaries on hand at the end of such period; and

(2) all additional cash and cash equivalents of the Borrower and its Subsidiaries on hand on the date of determination of Available Cash for such period resulting from Working Capital Loans made after the end of such period;

(b) less the total amount of any cash reserves that is necessary or appropriate in the reasonable discretion of the Borrower to:

(1) provide for the proper conduct of the business of the Borrower and its Subsidiaries (including reserves for future Capital Expenditures and for future credit needs of the Borrower and its Subsidiaries) after such period;

(2) pay 50% of the interest to be paid on the Loans hereunder and the "Loans" under, and as defined in, the 364-Day Credit Agreement and any Permitted Debt in the next fiscal quarter; and

(3) comply with applicable law or any debt instrument or other agreement or obligation to which the Borrower or any of its Subsidiaries is a party or its assets are subject;

provided, further, that disbursements made by the Borrower or any of its Subsidiaries or cash reserves established, increased or reduced after the end of such period but on or before the date of determination of Available Cash for such period shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such period if the Borrower so determines.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Inergy, L.P., a Delaware limited partnership.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

"BSA" means all Bank Secrecy Act laws and regulations, as amended.

"Business Day," means any day that is not a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois and New York, New York are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day," shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“Capital Expenditures” means expenditures made and liabilities incurred that should, in accordance with GAAP, be classified and accounted for as capital expenditures.

“Capital Lease” means a lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Capital Stock” means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred interest, any limited or general partnership interest and any limited liability company membership interest.

“Change in Control” means (i) the Borrower ceases to own and control 100% of the outstanding Capital Stock of Inergy Propane; (ii) Inergy Holdings ceases to own and control 100% of the outstanding Capital Stock of Inergy GP; (iii) any Person or group of Persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934), other than New Inergy Propane, shall acquire, directly or indirectly, more than 30% of the outstanding Capital Stock of the Borrower; (iv) Inergy GP ceases to be the managing general partner of the Borrower; (v) a majority of the seats on the board of directors (or other applicable governing body) of Inergy GP shall at any time after the Effective Date be occupied by Persons who were not nominated by Inergy GP or Inergy Holdings, by a majority of the board of directors (or other applicable governing body) of Inergy GP or Inergy Holdings or by Persons so nominated; (vi) a majority of the seats on the board of directors (or other applicable governing body) of Inergy Propane shall at any time after the Effective Date be occupied by Persons who were not nominated by Inergy Propane or Inergy Holdings, by a majority of the board of directors (or other applicable governing body) of Inergy Propane or Inergy Holdings or by Persons so nominated; or (vii) any pledgor under any Pledge Agreement shall grant or suffer to exist any Lien on such pledgor’s interest in any Collateral described therein, except in each case for any Permitted Lien.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s or any Issuing Bank’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“Class”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

“Cleandown Period” means the period commencing March 1 and ending September 30 during each Fiscal Year.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means all property and interests in property now owned or hereafter acquired by any Credit Party in or upon which a security interest, lien or mortgage is granted to the Administrative Agent, for the benefit of the Holders of Secured Obligations, whether under the Pledge and Security Agreement, under any of the other Collateral Documents or under any of the other Credit Documents.

“Collateral Documents” means all agreements, instruments and documents executed in connection with this Agreement or the 364-Day Credit Agreement pursuant to which the Administrative Agent is granted a security interest in Collateral, including, without limitation, the Pledge and Security Agreement, the Mortgages and all other security agreements, loan agreements, notes, guarantees, subordination agreements, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, leases, financing statements and all other written matter whether heretofore, now, or hereafter executed by or on behalf of the Borrower or any of its Subsidiaries and delivered to the Administrative Agent or any of the Lenders, together with all agreements and documents referred to therein or contemplated thereby.

“Collateral Release Event” is defined in Section 5.10.

“Commitment” means, with respect to each Lender, such Lender’s Acquisition Commitment and Working Capital Commitment, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender’s Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

“Consolidated” means the consolidation of accounts in accordance with GAAP.

“Consolidated EBITDA” means, with respect to the Borrower and its Consolidated Subsidiaries for any period, an amount equal to: (i) net income for such period, plus (ii) amounts deducted in the computation thereof for (a) interest expense, (b) federal, state and local income taxes, and (c) depreciation and amortization, plus or minus, as the case may be, (iii) gains or losses from the sale of assets in the ordinary course of business, and plus or minus, as the case may be, (iv) extraordinary non-cash gains or losses for such period; provided, that for the purposes of determining Consolidated EBITDA for any period during which a Permitted Acquisition is consummated, Consolidated EBITDA shall be adjusted in a manner reasonably satisfactory to the Administrative Agent to give effect to the consummation of such Permitted Acquisition on a pro forma basis, as if such Permitted Acquisition occurred on the first day of such period.

“Consolidated Interest Expense” means, with respect to the Borrower and its Consolidated Subsidiaries, for any period, an amount equal to (i) all interest in respect of Debt accrued during such period (whether or not actually paid during such period), plus (ii) the net amount payable (or minus the net amount receivable) under interest rate Hedging Agreements accrued during such period (whether or not actually paid or received during such period) plus (iii) on a pro-forma basis, the sum of all interest accrued relating to Debt incurred in connection

with any Permitted Acquisition calculated in a manner reasonably satisfactory to the Administrative Agent, excluding in each case up front financing fees payable in connection with the consummation of the transactions contemplated hereby.

“Consolidated Subsidiary” means for any Person, each Subsidiary of such Person (whether existing on the Effective Date or thereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

“Consolidated Total Assets” means, as of the date of any determination thereof, total assets of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Controlled Subsidiary” means a direct or indirect Subsidiary of the Borrower and with respect to which the Borrower owns not less than fifty-one percent (51%) of the voting equity interests of such Subsidiary.

“Co-Documentation Agent” means each of Fleet National Bank and Bank of Oklahoma, National Association in its capacity as co-documentation agent for the credit facility evidenced by this Agreement.

“Co-Syndication Agent” means each of Lehman Commercial Paper Inc. and Wachovia Bank, National Association in its capacity as co-syndication agent for the credit facility evidenced by this Agreement.

“Credit Documents” means this Agreement, the 364-Day Credit Agreement, any promissory notes executed and delivered pursuant to Section 2.10(e), the Subsidiary Guaranty, the Collateral Documents and any and all other instruments and documents executed and delivered in connection with any of the foregoing.

“Credit Parties” means, collectively, the Borrower and the Subsidiary Guarantors.

“Debt” means, with respect to any Person, without duplication (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind (including repurchase obligations, but not including customer deposits), (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments or letters of credit in support of bonds, notes, debentures or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under any conditional sale or other title retention agreement relating to property purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (including, without duplication, obligations under a non-compete or similar agreement) to the extent such obligations are reportable under GAAP, (f) all obligations of such Person as lessee under Capital Leases of such Person or leases of such Person for which such Person

retains tax ownership of the property subject to a lease, (g) all obligations of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (h) all Guaranties of such Person, (i) all obligations of such Person with respect to interest rate protection agreements (including, without limitation, interest rate Hedging Agreements) or foreign currency exchange agreements (valued at the termination value thereof computed in accordance with a method approved by the International Swap Dealers Association and agreed to by such Person in the applicable Hedging Agreement, if any), (j) all obligations of such Person as an account party in respect of letters of credit (1) securing Debt (other than letters of credit obtained in the ordinary course of business and consistent with past practices) or (2) obtained for any purpose not in the ordinary course of business or not consistent with past practices, (k) all obligations of such Person in respect of bankers' acceptances and (l) all current liabilities in respect of unfunded vested benefits under a Pension Plan covered by ERISA; provided that accrued expenses and accounts payable incurred in the ordinary course of business shall not constitute Debt. The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor.

"Deemed Dividend Problem" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary's accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary under Section 956 of the Code and the effect of such repatriation causing materially adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means any and all federal, state and local laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of human health (including, but not limited to employee health and safety) or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Eurodollar”, when used in reference to any Loan or Borrowing, refers to such Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“Event of Default” has the meaning assigned to such term in Article VII.

“Excluded Subsidiary” means Inergy Canada Corporation, a Canadian ULC, so long as such Subsidiary meets all of the following conditions: (i) the Borrower’s and its other Subsidiaries’ investments in and advances to such Subsidiary are less than \$5,000,000; (ii) the fair market value of the assets of such Subsidiary totals less than \$1,000,000 (as determined by the Borrower in good faith); and (iii) EBITDA (as defined below) from such Subsidiary is less than \$1,000,000 per annum. For the purposes of this definition, “EBITDA” means, with respect to such Subsidiary, for any period, an amount equal to: (1) net income for such period, plus (2)

amounts deducted in the computation thereof for (a) interest expense, (b) federal, state, provincial and local income taxes, and (c) depreciation and amortization, plus or minus, as the case may be, (3) gains or losses from the sale of assets in the ordinary course of business, and plus or minus, as the case may be, (4) extraordinary non-cash gains or losses for such period.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located or the jurisdiction of any Lender’s applicable lending office and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender’s failure to comply with Section 2.17(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on a Foreign Lender as a result of a Change in Law or regulation or interpretation thereof occurring after the time such Foreign Lender became a party to this Agreement shall not be an Excluded Tax).

“Existing Credit Agreement” means that certain Sixth Amended and Restated Credit Agreement dated as of May 27, 2004 by and among Inergy Propane, the lenders party thereto and Wachovia Bank, National Association as administrative agent, as the same has been amended, supplemented or otherwise modified from time to time prior to the Effective Date.

“Existing Letters of Credit” means the letters of credit set forth on Schedule 2.06 hereto and deemed issued under Section 2.06.

“Existing Senior Debt” means the Debt of the Credit Parties under the Existing Credit Agreement and the loan documents executed in connection therewith.

“Expansion Capital Expenditures” means Capital Expenditures made for the purpose of generating incremental net cash flow, including, without limitation, the purchase of customer storage tanks.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Assistance Problem” means, with respect to any Foreign Subsidiary, the inability of such Foreign Subsidiary to become a Subsidiary Guarantor or to permit its Capital Stock from being pledged pursuant to a Pledge Agreement on account of legal or financial limitations imposed by the jurisdiction of organization of such Foreign Subsidiary or other relevant jurisdictions having authority over such Foreign Subsidiary.

“Financial Officer” means, as to any Person, the president, chief financial officer or controller of such Person.

“First Tier Foreign Subsidiary” means each Foreign Subsidiary with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns or controls more than 50% of such Foreign Subsidiary’s Capital Stock.

“Fiscal Year” means the 52-week fiscal year of any Person ending September 30 of each calendar year.

“Financials” means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Borrower required to be delivered pursuant to Section 5.01(a) or 5.01(b).

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Approvals” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

“Governmental Authorities” means any nation, province, state or political subdivision thereof, and any government or any Person exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guaranty” by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “*primary obligor*”) (excluding endorsements of checks for collection or deposit in the ordinary course of business) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii)

to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Hedging Agreement.

“Holders of Secured Obligations” means the holders of the Obligations and the holders of the “Obligations” under the 364-Day Credit Agreement, in each case from time to time and shall include (i) each Lender and each Issuing Bank in respect of its Loans and LC Exposure and each lender under the 364-Day Credit Agreement in respect of its “Loans” thereunder, (ii) the Administrative Agent, the Lenders and the lenders under the 364-Day Credit Agreement in respect of all other present and future obligations and liabilities of the Borrower and each Subsidiary of every type and description arising under or in connection with the Credit Agreement, the 364-Day Credit Agreement or any other Credit Document, (iii) each Lender, each affiliate of such Lender, each lender under the 364-Day Credit Agreement and each affiliate of such lender, in each case in respect of Hedging Agreements entered into with such Person by the Borrower or any Subsidiary, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of the Borrower to such Person hereunder and under the other Credit Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Inergy GP” means Inergy GP, LLC, a Delaware limited liability company.

“Inergy Holdings” means Inergy Holdings, LLC, a Delaware limited liability company.

“Inergy Propane” means Inergy Propane, LLC, a Delaware limited liability company.

“Information Memorandum” means the Confidential Information Memorandum dated November 2004 relating to the Borrower and the Transactions.

“Interest Coverage Ratio” means, at any time, the ratio of (i) Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries to (ii) Consolidated Interest Expense

of the Borrower and its Consolidated Subsidiaries, in each case for the four fiscal quarters then most recently ended.

“Interest Election Request” means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08.

“Interest Payment Date” means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

“Interest Period” means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six (or with the consent of each Lender, nine or twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Investment” means, as applied to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person and any other item which would be classified as an “investment” on a balance sheet of such Person prepared in accordance with GAAP, including without limitation any direct or indirect contribution by such Person of property or assets to a joint venture, partnership or other business entity in which such Person retains an interest (it being understood that a direct or indirect purchase or other acquisition by such Person of assets of any other Person (other than stock or other securities) shall not constitute an “Investment” for purposes of this Agreement).

“Issuing Bank” means each of JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association, in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“LC Disbursement” means a payment made by an Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender.

“Letter of Credit” means any letter of credit issued, or deemed to be issued, pursuant to this Agreement.

“LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$3,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“Lien” means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement, charge or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction to evidence any of the foregoing).

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations, prospects or financial condition of the Borrower and the Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its obligations under this Agreement or

(c) the rights of or benefits available to the Lenders under this Agreement and the other Credit Documents.

“Material Debt” means Debt (other than the Loans, the Letters of Credit and the “Loans” under the 364-Day Credit Agreement), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding \$5,000,000. For purposes of determining Material Debt, the “principal amount” of the obligations of the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

“Material Subsidiary” means any Subsidiary (i) which, as of the most recent fiscal quarter of the Borrower for the period of four consecutive fiscal quarters then ended, contributes greater than three percent (3%) of the Borrower’s Consolidated EBITDA for such period or (ii) the consolidated total assets of which as of the end of such fiscal quarter were greater than three percent (3%) of the Borrower’s Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of the Consolidated EBITDA contributed by, or consolidated total assets of, all Subsidiaries that are not Material Subsidiaries exceeds five percent (5%) of the Borrower’s Consolidated EBITDA for any such period or five percent (5%) of the Borrower’s Consolidated Total Assets as of the end of any such fiscal quarter, the Borrower (or, in the event the Borrower has failed to do so within ten days, the Administrative Agent) shall designate sufficient Subsidiaries as “Material Subsidiaries” to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Subsidiaries.

“Maturity Date” means December 17, 2009.

“Midstream Business” means the business of storage, processing, marketing and/or transmission of gas, oil or products thereof, including, without limitation, owning and operating pipelines, storage facilities, processing plants and facilities and gathering systems, and other assets related thereto.

“Moody’s” means Moody’s Investors Service, Inc.

“Mortgage” means each of those certain mortgages and deeds of trust entered into by the Credit Parties pursuant hereto or in connection herewith, in each case as amended, restated, supplemented or otherwise modified from time to time.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“New Inergy Propane, LLC” means New Inergy Propane, LLC, a Delaware limited liability company.

“Obligations” means all Loans, LC Disbursements, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower or any Subsidiary Guarantor to the Administrative Agent, any Lender, any Issuing Bank, any Affiliate of the Administrative Agent or any Lender, any Issuing Bank, or any indemnified Person hereunder, of any kind or nature,

present or future, arising under this Agreement, the Subsidiary Guaranty, any Collateral Document, any Hedging Agreement (to the extent such Hedging Agreement is with a Lender or its Affiliate) or any other Credit Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, reasonable attorneys' fees and disbursements, reasonable paralegals' fees (in each case whether or not allowed), and any other sum chargeable to the Borrower or any Subsidiary Guarantor under this Agreement or any other Credit Document.

“Organic Documents” means, relative to any Credit Party, its partnership agreement, limited liability company or operating agreement, bylaws, certificate or articles of partnership, certificate or articles of formation, certificate or articles of incorporation and other like documents, and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of Capital Stock or other equity interests.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies (other than Excluded Taxes) arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant” has the meaning set forth in Section 9.04.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means an acquisition (or series of related acquisitions) by the Borrower or any Subsidiary Guarantor of all or any part of the assets of another Person (such assets being referred to herein as the “Target Assets”) or of at least fifty-one percent (51%) of the voting equity interests of another Person (such Person, together with any and all Subsidiaries of such Person, being referred to herein as the “Target”) in each case made in compliance with all of the following terms and conditions:

- (1) the Target is in, or the Target Assets are employed in, the same line of business as the Borrower, or in any Midstream Business;
- (2) in the case of an equity acquisition, the Target is (or, immediately after giving effect to such acquisition, will be) a Controlled Subsidiary of the Borrower (or, in the case of an equity acquisition in the form of a merger, (a) the Target is merged with and into the Borrower or a Controlled Subsidiary, with the Borrower or such Controlled Subsidiary, as the case may be, being the surviving entity, or (b) the Target is merged with and into a Controlled Subsidiary with the Target being the surviving entity, provided that such surviving entity qualifies as a Controlled Subsidiary);
- (3) no Default or Event of Default exists at the time of the acquisition or would result therefrom;

(4) unless the Borrower demonstrates to the reasonable satisfaction of the Administrative Agent that the Total Leverage Ratio (adjusted in a manner reasonably acceptable to the Administrative Agent to give effect to such acquisition on a pro forma basis) would not exceed 3.5 to 1.0, the purchase price (including assumed Debt) of any Target or Target Assets shall not exceed \$100,000,000. Any acquisition in excess of the individual purchase price limitation set forth above shall be subject to the prior written consent of the Required Lenders, which consent shall not be unreasonably withheld, conditioned or delayed;

(5) within a reasonable time prior to such acquisition, the Administrative Agent (and any Lender, upon request) shall have received a complete copy of the executed purchase agreement (or, in the event that the purchase agreement is not being executed until closing, then a substantially complete unexecuted version of the purchase agreement, with the complete copy of the executed purchase agreement to follow promptly upon closing of such acquisition) for the applicable Target or Target Assets, a breakdown of the purchase price for such acquisition, a detailed schedule of assets being acquired and values reasonably assigned to such assets at the time of such acquisition, the anticipated amount to be borrowed under the Acquisition Commitments and such other information related to such acquisition as the Administrative Agent shall reasonably request;

(6) within 90 days (or such later date as is agreed to by the Administrative Agent) after the consummation of such acquisition), the Administrative Agent shall have (or shall have received, as the case may be), subject to Article VIII:

(a) in the case of an asset acquisition, with respect to the Target Assets, a perfected Lien on (1) such fee-owned real properties as constitute at least seventy-five percent (75%) of the aggregate market value of the fee-owned real properties included in the Target Assets, as determined by the Administrative Agent in its reasonable discretion, (2) such motor vehicles as constitute at least seventy-five percent (75%) of the aggregate market value of the motor vehicles included in the Target Assets, as determined by the Administrative Agent in its reasonable discretion, (3) all other material personal property assets included in the Target Assets (to the extent that (a) a Lien can be perfected thereon by the filing of UCC financing statements in the appropriate jurisdictions, and (b) if required by the Administrative Agent, a Lien can be perfected thereon by possession or other methods under the UCC), all subject to no other Lien other than Permitted Liens (and, in connection therewith, the Borrower shall have submitted to the Administrative Agent a revised Schedule 5.10 to this Agreement reflecting the location of the Collateral, inclusive of Target Assets on which the Administrative Agent has a perfected Lien);

(b) in the case of an equity acquisition, (i) a Guaranty from the Target in form and substance reasonably satisfactory to the Administrative Agent, pursuant to which such Target guarantees, in favor of the Administrative Agent, the payment and performance of all Obligations, (ii) a perfected Lien on (1) such

fee-owned real properties as constitute at least seventy-five percent (75%) of the aggregate market value of all existing fee-owned real properties of the Target, as determined by the Administrative Agent in its reasonable discretion, (2) such motor vehicles as constitute at least seventy-five percent (75%) of the aggregate market value of all existing motor vehicles of the Target, as determined by the Administrative Agent in its reasonable discretion, (3) all other material existing personal property assets of the Target (to the extent that (a) a Lien can be perfected thereon by the filing of UCC financing statements in the appropriate jurisdictions, and (b) if required by the Administrative Agent, a Lien can be perfected thereon by possession or other methods under the UCC), all subject to no other Lien other than Permitted Liens (and, in connection therewith, the Borrower shall have submitted to the Administrative Agent a revised Schedule 5.10 to this Agreement reflecting the location of the Collateral, inclusive of such assets of the Target on which the Administrative Agent has a perfected Lien), (iii) a Lien on all of the existing and future equity interests in the Target, subject to no other Lien other than Permitted Liens, and (iv) the Borrower shall have submitted to the Administrative Agent a revised Schedule 3.01 to this Agreement reflecting the ownership structure of the Borrower and its Subsidiaries;

(c) if any Target Assets (or any assets of the Target) consist of fee-owned real properties, then, with respect to such fee-owned real properties as constitute at least seventy-five percent (75%) of the aggregate market value of the fee-owned real properties included in the Target Assets and other assets of the Target, as determined by the Administrative Agent in its reasonable discretion, at no expense to the Administrative Agent, a mortgage, deed of trust or deed to secure debt, as applicable, satisfactory to the Administrative Agent and granting the Administrative Agent a perfected Lien on each such fee interest; and

(d) such UCC financing statements, loan and security agreements and other documents (including, without limitation, opinions of counsel to the Borrower and the Target regarding, among other things, the authority of the Target to guarantee the Obligations and to grant Liens) as the Administrative Agent may reasonably request in connection with the conditions set forth in this subpart (6);

(7) the Borrower shall have paid all reasonable costs and expenses incurred by the Administrative Agent and its counsel in connection with such acquisition, including, without limitation, all such costs and expenses incurred to satisfy the conditions set forth in subpart (6) above; and

(8) the Administrative Agent shall have received such other assurances and documentation as the Administrative Agent may reasonably request from time to time in connection with the acquisition and the conditions set forth above.

Notwithstanding anything to the contrary set forth above, subject to Article VIII, the conditions set forth in subpart (6) shall not apply to the acquisition of Target Assets (whether acquired in

one or more related or unrelated transactions) to the extent that the aggregate purchase price of such Target Assets does not exceed \$10,000,000.

“Permitted Debt” means:

- (1) Debt under this Agreement (including, Guaranties of Debt under this Agreement), Debt under the 364-Day Credit Agreement (including, Guaranties of Debt under the 364-Day Credit Agreement) and Debt under the Existing Credit Agreement on or prior to the Effective Date;
- (2) Permitted Junior Debt and Guaranties of Permitted Junior Debt;
- (3) Debt of any Credit Party to any other Credit Party;
- (4) Debt of the type described in clause (i) of the definition “Debt,” provided such Debt is incurred in connection with interest rate protection agreements (including, Hedging Agreements) covering the floating rate portion of the Obligations under this Agreement;
- (5) Other Debt in existence on the Effective Date and set forth on Schedule 6.01 hereto and refinancings or renewals thereof; *provided* that any such refinancing Debt is of the same type, of the same tenor, and in an aggregate principal amount not greater than the aggregate principal amount of the Debt being renewed or refinanced, *plus* the amount of any premiums required to be paid thereon and reasonable fees and expenses associated therewith,
- (6) Guaranties of Debt otherwise permitted under this definition;
- (7) Debt arising in connection with endorsement of instruments for deposit in the ordinary course of business;
- (8) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of incurrence;
- (9) Other Debt, provided that the aggregate outstanding principal amount of such Debt (with respect to all Credit Parties) does not exceed \$20,000,000 at any time; and
- (10) Other Debt approved in advance by the Administrative Agent and the Required Lenders in writing.

“Permitted Junior Debt” means (1) (i) the Senior Unsecured Notes so long as the Debt thereunder is incurred on terms and conditions satisfactory to the Administrative Agent and (ii) other Debt which is issued on terms and conditions substantially similar to the terms and

conditions applicable to the Senior Unsecured Notes and the indenture entered into in connection therewith (it being agreed that changes in the rate, tenor or maturity (other than changes in maturity which would provide for or cause such Debt to mature within six months after the Effective Date) shall not cause such Debt to not be on substantially similar terms) and (2) the aggregate Debt of the Borrower and the Borrower's Subsidiaries, which is either unsecured Debt, or second Lien Debt that is subordinated to the Obligations pursuant to the terms of a Subordination Agreement. Permitted Junior Debt may be incurred only so long as each of the following conditions are satisfied: (i) at the time of the incurrence of such Debt (a) no Default or Event of Default has occurred and is continuing (or would result from the incurrence of such Debt), and (b) the Total Leverage Ratio is less than the maximum Total Leverage Ratio permitted under Section 6.12(a) at such time, calculated on a pro forma basis; (ii) such Debt shall not mature, and no installments of principal shall be due and payable on such Debt, prior to the Termination Date; and (iii) other than in connection with the Senior Unsecured Notes and the other Debt described in clause (1)(ii) of the preceding sentence, such Debt shall not be incurred upon covenants more restrictive than those set forth in this Agreement.

"Permitted Junior Debt Documents" means any document, agreement or instrument evidencing any Permitted Junior Debt or entered into in connection with any Permitted Junior Debt.

"Permitted Liens" means any of the following:

(1) Liens for taxes, assessments or governmental charges not delinquent or being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP are maintained on the books of the Borrower or relevant Subsidiary;

(2) Liens arising out of deposits in connection with workers' compensation, unemployment insurance, old age pensions or other social security or retirement benefits legislation;

(3) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds, and other obligations of like nature arising in the ordinary course of the business of the Borrower or relevant Subsidiary;

(4) Liens imposed by law, such as mechanics', workers', materialmen's, carriers' or other like liens (excluding, however, any statutory or other Lien in favor of a landlord under a written or oral lease) arising in the ordinary course of the Borrower's business which secure the payment of obligations which are not past due or which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP are maintained on the books of the Borrower or the relevant Subsidiary;

(5) rights of way, zoning restrictions, easements and similar encumbrances affecting the Borrower's real property which do not materially interfere with the use of such property;

(6) Liens in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations;

(7) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by the Borrower or any Subsidiary, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;

(8) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any Subsidiary in the ordinary course of business in accordance with past practice;

(9) Liens arising out of judgments, attachments or awards not resulting in a Default and in respect of which the Borrower or such Subsidiary shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall be secured a subsisting stay of execution pending such appeal or proceedings;

(10) Liens existing on the Effective Date and listed on Schedule 6.02 and any renewals or extensions thereof, provided that the property and Debt covered thereby is not increased;

(11) second Liens securing Permitted Junior Debt that is subordinated to the Obligations pursuant to the terms of a Subordination Agreement; and

(12) purchase money security interests for the purchase of equipment to be used in the Borrower's or any of its Subsidiaries' business, encumbering only the equipment so purchased, and which secures only the purchase-money Debt incurred to acquire the equipment so purchased and which Debt qualifies as Permitted Debt.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements" means the pledge agreements, share mortgages, charges and comparable instruments and documents from time to time executed pursuant to the terms hereof

in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations as amended, restated, supplemented or otherwise modified from time to time.

“Pledge and Security Agreement” means that certain Pledge and Security Agreement, dated as of the Effective Date, by and between the Credit Parties and the Administrative Agent for the benefit of the Holders of Secured Obligations, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

“Pledge Subsidiary” means each Domestic Subsidiary and First Tier Foreign Subsidiary.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Register” has the meaning set forth in Section 9.04.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Required Lenders” means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

“Revolving Credit Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Revolving Loans and its LC Exposure and Swingline Exposure at such time.

“Revolving Loan” means a Loan made pursuant to Section 2.03 and which is either an Acquisition Loan or a Working Capital Loan.

“Risk Management Policy” means that certain Trading and Risk Management Policy dated October 1, 2002 of Inergy Propane and its Subsidiaries, as the same may be amended from time to time and adopted by the Board of Directors of Inergy Propane; provided that a copy of each amendment shall be delivered to the Administrative Agent prior to the effective date thereof.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Senior Secured Funded Debt” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the total amount of secured Debt at such time, whether such Debt is matured, unmatured, absolute, contingent or otherwise minus the aggregate outstanding principal amount at such time of such secured Debt which is Permitted Junior Debt.

“Senior Secured Leverage Ratio” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the ratio of (i) Senior Secured Funded Debt (other than Debt under clause (i) of the definition of “Debt”), at such time, to (ii) Consolidated EBITDA for the four fiscal quarters most recently ended. For purposes of calculating Senior Secured Leverage Ratio of the Borrower and its Consolidated Subsidiaries, Senior Secured Funded Debt shall not include any outstanding Working Capital Loans or Swingline Loans if the Borrower is in compliance with Section 2.11(b)(ii).

“Senior Unsecured Notes” means the \$425,000,000 of 6.875% Senior Notes of the Borrower and Inergy Finance Corp. due December 15, 2014 issued pursuant to that certain Indenture dated as of December 22, 2004 between the Borrower and Inergy Finance Corp., as issuers, certain subsidiaries of the Borrower, as guarantors, and U.S. Bank National Association, as trustee.

“Solvent” means, with respect to any Person, that such Person (a) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature, (b) owns property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies), and (c) does not believe that it will incur debts or liabilities beyond its ability to pay such debts or liabilities as they mature.

“Star Gas Acquisition” means the acquisition by the Borrower and Inergy Propane of substantially all of the Star Gas Acquired Business.

“Star Gas Acquired Business” means the propane business of Star Gas Partners, L.P. and Star Gas LLC pursuant to the Star Gas Acquisition Agreement.

“Star Gas Acquisition Agreement” means that certain Interest Purchase Agreement dated as of November 18, 2004 entered into by and among Star Gas Partners, L.P., Star Gas LLC, Inergy Propane and the Borrower.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject, with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subordination Agreement” means a subordination agreement between the Administrative Agent (on behalf of itself and the Lenders) and the holders of any second Lien Permitted Junior Debt, in form and substance satisfactory to the Administrative Agent and the

Required Lenders, pursuant to which such second Lien Permitted Junior Debt is subordinated to the Obligations, with only such modifications as are approved by the Administrative Agent and the Required Lenders.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Borrower.

“Subsidiary Guarantor” means each Subsidiary (other than the Excluded Subsidiary and any other Foreign Subsidiary to the extent that designation of such Foreign Subsidiary as a Subsidiary Guarantor would (a) be prohibited by applicable law or (b) cause a Deemed Dividend Problem - each such Foreign Subsidiary, an “Affected Foreign Subsidiary”). The Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.01 hereto.

“Subsidiary Guaranty” means that certain Guaranty dated as of the Effective Date (and any and all supplements thereto) executed by each Subsidiary Guarantor, and in the case of any guaranty by a Foreign Subsidiary, any other guaranty agreements as are requested by the Administrative Agent and its counsel, in each case as amended, restated, supplemented or otherwise modified from time to time.

“Swingline Exposure” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

“Swingline Lender” means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

“Swingline Loan” means a Loan made pursuant to Section 2.05.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“364-Day Credit Agreement” means that certain 364-Day Credit Agreement dated as of the Effective Date by and among the Borrower, the lenders party thereto and the Administrative Agent, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“Total Funded Debt” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the total amount of Debt at such time, whether such Debt is matured, unmatured, absolute, contingent or otherwise.

“Total Leverage Ratio” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the ratio of (i) Total Funded Debt (other than Debt under clause (i) of the definition of “Debt”), at such time, to (ii) Consolidated EBITDA for the four fiscal quarters most recently ended. For purposes of calculating Total Leverage Ratio of the Borrower and its Consolidated Subsidiaries under Section 6.12(a), Total Funded Debt shall not include any outstanding Working Capital Loans or Swingline Loans if the Borrower is in compliance with Section 2.11(b)(ii).

“Transactions” means the execution, delivery and performance by the Credit Parties of this Agreement and the other Credit Documents, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“UCC” means the Uniform Commercial Code as in effect in the State of New York, as amended or modified from time to time.

“United States” means the United States of America.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Working Capital Commitment” means, with respect to each Lender, the commitment of such Lender to make Working Capital Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder. On the Effective Date, the aggregate amount of the Working Capital Commitments is Seventy Five Million Dollars (\$75,000,000).

“Working Capital Credit Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Working Capital Loans and its LC Exposure and Swingline Exposure at such time.

“Working Capital Loans” means Revolving Loans made pursuant to Section 2.01.02.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan”) or by Type (e.g., a “Eurodollar Loan”) or by Class and Type (e.g., a “Eurodollar Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “Eurodollar Borrowing”) or by Class and Type (e.g., a “Eurodollar Revolving Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein and as further described in Sections 2.01.01 and 2.01.02 below, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender’s Revolving Credit Exposure exceeding such Lender’s Commitment and (b) the sum of the total Revolving Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

SECTION 2.01.01 Acquisition Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Acquisition Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender’s Acquisition Credit Exposure exceeding such Lender’s Acquisition

Commitment and (b) the sum of the total Acquisition Credit Exposures exceeding the total Acquisition Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Acquisition Loans.

SECTION 2.01.02 Working Capital Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Working Capital Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Working Capital Credit Exposure exceeding such Lender's Working Capital Commitment and (b) the sum of the total Working Capital Credit Exposures exceeding the total Working Capital Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Working Capital Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the applicable Lenders ratably in accordance with their respective Acquisition Commitment or Working Capital Commitment (as applicable). The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$3,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$500,000 and not less than \$3,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of \$100,000 and not less than \$500,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of eight (8) Eurodollar Revolving Borrowings outstanding in the aggregate.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Chicago, Illinois time, three

Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., Chicago, Illinois time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is composed of Acquisition Loans or Working Capital Loans;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Intentionally Omitted.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$10,000,000, (ii) the sum of the total Working Capital Credit Exposures exceeding the total Working Capital Commitments or (iii) the sum of the total Revolving Credit Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by teletype), not later than 12:00 noon, Chicago, Illinois time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable

and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the relevant Issuing Bank), or such other account as is designated by the Borrower in the applicable Borrowing Request, by 3:00 p.m., Chicago, Illinois time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 12:00 noon, Chicago, Illinois time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein (including without limitation Section 5.08), the Borrower may request the issuance of Letters of Credit for its own account or the account of a Subsidiary Guarantor, in a form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency

between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the relevant Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Schedule 2.06 contains a schedule of the Existing Letters of Credit issued for the account of the Borrower or certain of its Subsidiaries prior to the Effective Date. Subject to the satisfaction of the conditions contained in Sections 4.01 and 4.02, from and after the Effective Date, the Existing Letters of Credit shall be deemed to be Letters of Credit issued pursuant to this Section 2.06. Upon the initial expiration of each Existing Letter of Credit, the Borrower shall terminate and cancel each such Existing Letter of Credit and request a new Letter of Credit to be issued in replacement thereof.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy to the relevant Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by an Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed \$30,000,000, (ii) the sum of the total Working Capital Credit Exposures shall not exceed the total Working Capital Commitments and (iii) the sum of the total Revolving Credit Exposures shall not exceed the total Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension provided that such renewal or extension does not extend beyond the date referenced in the following clause (ii)) and (ii) the date that is five Business Days prior to the Maturity Date; provided that a Letter of Credit with a one-year tenor may provide for the automatic renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in the preceding clause (ii)).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Bank or the Lenders, each Issuing Bank issuing such Letter of Credit hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the relevant Issuing Bank, such Lender's Applicable Percentage of each LC

Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, Chicago, Illinois time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., Chicago, Illinois time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon, Chicago, Illinois time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m., Chicago, Illinois time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with an ABR Revolving Borrowing composed of Working Capital Loans or a Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to such Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any

respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of any Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If any Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the relevant Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this

Section to reimburse an Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. Each Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VII. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse each Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Chicago, Illinois time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Chicago, Illinois or such other account, in each case, as is designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the relevant Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Acquisition Commitments or the Working Capital Commitments; provided that (i) each reduction of the applicable Commitments shall be in an amount that is an integral multiple of \$5,000,000 and not less than \$5,000,000 and (ii) the Borrower shall not terminate or reduce the applicable Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, (1) the sum of the Revolving Credit Exposures would exceed the total Commitments, (2) the sum of the Acquisition Credit Exposures would exceed the total

Acquisition Commitments or (3) the sum of the Working Capital Exposures would exceed the total Working Capital Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the applicable Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the applicable Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of any of the Commitments shall be permanent. Each reduction of any of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is five (5) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof, the Interest Period applicable thereto and whether such Loan is an Acquisition Loan or a Working Capital Loan, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall, absent manifest error, be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by one or more promissory notes. In such event, the Borrower shall execute and deliver to such Lender promissory note(s) payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent.

Thereafter, the Loans evidenced by such promissory note(s) and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by such promissory note(s) in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans.

(a) Voluntary Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice as follows: the Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., Chicago, Illinois time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., Chicago, Illinois time, on the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Chicago, Illinois time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

(b) Mandatory Prepayments.

(i) Excess Loans. If at any time (x) the outstanding principal amount of all Acquisition Loans exceeds the sum of the Acquisition Commitments or (y) the outstanding principal amount of (1) the Working Capital Loans, plus (2) the Swingline Loans, plus (3) the LC Exposure exceeds the sum of the Working Capital Commitments, the Borrower shall in each case repay immediately upon notice from the Administrative Agent, by payment to the Administrative Agent for the account of the Lenders, the Acquisition Loans or the Working Capital Loans (as applicable) in an amount equal to such excess; it being understood and agreed that, after repayment of the Working Capital Loans, any such remaining excess shall be applied as cash collateral in respect of the then outstanding LC Exposure in a comparable manner to that specified in Section 2.06(j). Each such prepayment shall be accompanied by (x) accrued interest to the extent required by Section 2.13 and (y) any amount required to be paid pursuant to Section 2.16.

(ii) Cleandown Period. Notwithstanding anything to the contrary in this Agreement and commencing with the Fiscal Year beginning October 1, 2004, the Borrower must reduce to and/or maintain at \$5,000,000 or less, as the case may be, the aggregate outstanding principal balance of all Working Capital Loans and Swingline

Loans for a period of not less than thirty (30) consecutive days during each Cleardown Period.

(iii) Asset Dispositions. If the Borrower or any of its Subsidiaries sells or otherwise disposes of any assets (other than the sale of inventory and motor vehicles in the ordinary course of the Borrower's business, sales of assets between Credit Parties and the sale or disposition of obsolete or worn-out equipment), or if any Collateral or other assets of the Borrower or its Subsidiaries is taken by condemnation or other governmental taking, then in each case the Borrower shall pay to the Administrative Agent for the account of the Lenders and the lenders under the 364-Day Credit Agreement, as a mandatory prepayment of the Loans and the loans under the 364-Day Credit Agreement (in the manner set forth in clause (v) below), a sum equal to the Applicable Prepayment Percentage of the net proceeds received by the Borrower or Subsidiary from such sale or condemnation; provided, however, that (i) the Borrower shall not be obligated to remit the first Applicable Retention Amount of any such proceeds received in any Fiscal Year, and (ii) the Borrower shall not be obligated to remit any such proceeds to the Administrative Agent if, prior to such sale or condemnation, the Borrower gives the Administrative Agent written notice that the Borrower intends to use such proceeds to purchase replacement assets of a similar type within sixty (60) days thereafter (such notice to specify in reasonable detail the nature and specifics of such replacement purchase) and such proceeds are in fact used within such time period to purchase such replacement assets. As used herein, (A) "Applicable Prepayment Percentage" means (i) 100% until the Aggregate Combined Commitment shall have been reduced (other than pursuant to Article VII) to an amount equal to or less than \$325,000,000 and (ii) 50% thereafter and (B) "Applicable Retention Amount" means (i) \$10,000,000 until the Aggregate Combined Commitment shall have been reduced (other than pursuant to Article VII) to an amount equal to or less than \$325,000,000 and (ii) \$50,000,000 thereafter.

(iv) Issuance of Debt or Equity. Unless the Aggregate Combined Commitment has been reduced to an amount equal to or less than \$325,000,000, in the event the Borrower, any of its Subsidiaries or any special purpose financing vehicle established by any of them (i) incurs any Debt (other than (1) refinancing Debt set forth on Schedule 6.01 hereto and existing on the Effective Date (excluding Debt under the 364-Day Credit Agreement) of the same type and in an amount not to exceed such existing Debt, and (2) Debt that complies with the requirements of subparts (6) or (7) of the definition of Permitted Debt, or (ii) issues any Capital Stock (other than Capital Stock issued in connection with the exercise of stock options in the ordinary course of business and consistent with past practices), after the Effective Date, then, in any such case, the Borrower shall pay to the Administrative Agent for the account of the Lenders and the lenders under the 364-Day Credit Agreement, unless otherwise agreed by the Required Lenders, as a mandatory prepayment of the Loans and the loans under the 364-Day Credit Agreement (in the manner set forth in clause (v) below), a sum equal to the net cash proceeds received by the Borrower therefrom.

(v) Order of Application of Mandatory Prepayments. Any prepayment pursuant to Sections 2.11(b)(iii) or (iv) shall be applied first to the outstanding principal balance of

the "Loans" under, and as defined in, the 364-Day Credit Agreement, and, upon payment in full thereof, then to the outstanding principal balance of the Acquisition Loans, and, upon payment in full thereof, then to the outstanding principal balance of the Swingline Loans, and, upon payment in full thereof, then to the outstanding principal balance of the Working Capital Loans. Each such prepayment shall be accompanied by (x) accrued interest to the extent required by Section 2.13, (y) any amount required to be paid pursuant to Section 2.16 and (z) a reduction in like amount of the applicable Commitment in respect of which such Loans were prepaid.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the daily unused amount of the Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; provided that, (i) outstanding Letters of Credit shall be considered usage of the Commitment for purposes of calculating the commitment fee and (ii) Swingline Loans shall not be considered usage of the Commitment for purposes of calculating the commitment fee. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure and (ii) to each Issuing Bank a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by such Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Bank's standard fees with respect to the issuance, amendment, negotiation, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Banks, in the case of fees payable to them) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for

ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank; or

(ii) impose on any Lender or any Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or such Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such

Lender's or such Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith) or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and each Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability, together with evidence of such payment, delivered to the Borrower by a Lender or an Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or an Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent or a Lender reasonably determines that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses

of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon Chicago, Illinois time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its main office at Chicago, Illinois, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate

amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or any Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or any Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Ownership. Each Credit Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, has the power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and is duly qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization, except where the failure to so qualify would not have a Material Adverse Effect. The jurisdictions of formation and the jurisdictions in which the Borrower and each Subsidiary of the Borrower is organized and qualified to do business are described on Schedule 3.01 hereto (as supplemented from time to time). The parties acknowledge that in connection with the Star Gas Acquisition, Star Gas, L.P. is converting to a Delaware limited liability company and changing its name to Inergy Gas, LLC and Stellar Propane Service Corp. is merging into Stellar Propane Service, LLC, a Delaware limited liability company. To the extent that the conversion and/or the merger affects the qualification of such entities, the Borrower will promptly take such action as is necessary to comply with Section 5.03. The capitalization of the Borrower and each Subsidiary of the Borrower consists of the Capital Stock, authorized, issued and outstanding, of such classes and series, with or without par value, described on Schedule 3.01 hereto. All such outstanding Capital Stock has been duly authorized and validly issued and are fully paid and nonassessable.

The owners of the Capital Stock of the Borrower and each Subsidiary of the Borrower and the percentage of Capital Stock owned by each are described on Schedule 3.01 hereto.

SECTION 3.02. Authorization; Enforceability. Each of the Credit Parties has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement and each of the other Credit Documents to which it is a party in accordance with their respective terms. This Agreement and each of the other Credit Documents have been duly executed and delivered by the duly authorized officers of each Credit Party thereto, and each such Credit Document constitutes the legal, valid and binding obligation of the Credit Party thereto, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

SECTION 3.03. Governmental Approvals; No Conflicts. The execution, delivery and performance by the Credit Parties of the Credit Documents to which each such Person is a party, in accordance with their respective terms, the borrowings hereunder and the transactions contemplated hereby and under the other Credit Documents do not and will not, by the passage of time, the giving of notice or otherwise, (i) require any Governmental Approval or violate any Applicable Law relating to any Credit Party, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of any Credit Party or any indenture, material agreement or other material instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person, or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under the Credit Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The audited consolidated balance sheets of the Borrower and its Consolidated Subsidiaries as of September 30, 2004, and the related statements of income and retained earnings and cash flows for the Fiscal Year then ended, copies of which have been furnished to the Administrative Agent and each Lender, fairly present in all material respects the assets, liabilities and financial position of the Borrower and its Consolidated Subsidiaries as of such dates, and the results of the operations and changes of financial position for the periods then ended in accordance with GAAP. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP. The Borrower and its Subsidiaries have no Debt, obligation or other unusual forward or long-term commitment which is not fairly reflected in the foregoing financial statements or in the notes thereto.

(b) Since September 30, 2004, there has been no material adverse change in the business, assets, operations, prospects or financial condition of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each Credit Party has good and defensible title to all assets and other property purported to be owned by it, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. Set forth on Part 1 of Schedule 3.05 hereto is a complete

list by Credit Party of each parcel of real property by street address owned or leased by a Credit Party, as of the date of the most recent update to such Schedule delivered by the Borrower with the officer's compliance certificate pursuant to Section 5.01. Set forth on Part 2 of Schedule 3.05 hereto is a complete list by Credit Party of all motor vehicles owned by a Credit Party, as of the date of the most recent update to such Schedule delivered by the Borrower with the officer's compliance certificate pursuant to Section 5.01. None of the properties and assets of the Credit Parties is subject to any Lien, except Permitted Liens. Except as permitted hereunder, the Administrative Agent, for the benefit of the Holders of Secured Obligations, has a perfected first priority Lien on all of the Collateral subject to no other Liens except for Permitted Liens.

(b) Each Credit Party owns or possesses rights to use all franchises, licenses, copyrights, copyright applications, patents, patent rights or licenses, patent applications, trademarks, trademark rights, trade names, trade name rights, copyrights and rights with respect to the foregoing which are required to conduct its business, except where the failure to own or possess any such right could not reasonably be expected to result in a Material Adverse Effect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and no Credit Party is liable to any Person for infringement under Applicable Law with respect to any such rights as a result of its business operations, except where the loss of any such right or the liability for any such infringement could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation, Contingent Obligations, Labor and Environmental Matters. (a) There are no actions, suits or proceedings pending nor, to the knowledge of the Borrower, threatened against or in any other way relating adversely to or affecting any Credit Party or any Credit Party's respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority, except for actions, suits or proceedings that, if adversely determined, could, individually or in the aggregate, not reasonably be expected to result in a Material Adverse Effect.

(b) There are no pending, or to the knowledge of the Borrower, threatened, material strikes, material work stoppages, material unfair labor practice claims, or other material labor disputes against or affecting any Credit Party or ERISA Affiliate or their respective employees; provided, however, that if any such event is pending, or to the knowledge of the Borrower, threatened, then the Borrower shall provide prompt written notice of the specifics of such event to the Administrative Agent, and the Administrative Agent, in its reasonable discretion, may waive such representation and warranty as it relates to such event. The hours worked and payments made to employees of each Credit Party and ERISA Affiliate have not been in violation of the Fair Labor Standards Act or any other Applicable Law dealing with such matters except for violations that either alone or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. All material payments due from a Credit Party, or for which any claim may be made against a Credit Party, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the applicable Credit Party, in compliance with GAAP.

(c) Each Credit Party has complied in all respects with all Environmental Laws except for violations that either alone or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. No Credit Party manages or handles any hazardous

wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants referred to in or regulated by Environmental Laws in violation of such laws or of any other applicable law where such violation could reasonably be expected to result, individually or together with other violations, in a Material Adverse Effect. There are no outstanding or threatened citations, notices or orders of non-compliance issued to any Credit Party or relating to its facilities, leaseholds, assets or other property that either alone or in the aggregate could reasonably be expected to result in a Material Adverse Effect. Each Credit Party has been issued all licenses, certificates, permits or other authorizations required under any Environmental Law or by any federal, state or local governmental or quasi-governmental entity, except where the failure to have such licenses, certificates, permits or other authorizations either individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. There are no liabilities or contingent liabilities relating to environmental or employee health and safety matters (including on-site or off-site contamination) relating to any Credit Party or any property owned, leased or used by any Credit Party, which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.07. Compliance with Laws; Governmental Approvals. Each Credit Party (i) has all Governmental Approvals required by any Applicable Law for it to conduct its business, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to its knowledge, threatened attack by direct or collateral proceeding, and (ii) is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws, including, without limitation, the BSA, relating to it or any of its respective properties, except, in each case, to the extent that such non-compliance would not have a Material Adverse Effect.

SECTION 3.08. Investment and Holding Company Status. No Credit Party is an “investment company” or a company “controlled” by an “investment company” (as each such term is defined or used in the Investment Company Act of 1940, as amended) and neither the Borrower nor any of its Subsidiaries is, or after giving effect to any Borrowing will be, subject to regulation under the Public Utility Holding Company Act of 1935 or the Interstate Commerce Act, each as amended, or any other Applicable Law which limits its ability to incur or consummate the transactions contemplated hereby.

SECTION 3.09. Taxes. Each Credit Party has duly filed or caused to be filed all material federal, state and local tax returns required by Applicable Law to be filed, and has paid, or made adequate provision for the payment of, all federal, state, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable, other than those the validity of which the applicable Credit Party is contesting in good faith by appropriate proceedings and with respect to which the applicable Credit Party shall, to the extent required by GAAP, have set aside on its books adequate reserves. No Governmental Authority has asserted any Lien or other claim against any Credit Party with respect to unpaid taxes which has not been discharged or resolved, other than those the validity of which the applicable Credit Party is contesting in good faith by appropriate proceedings and with respect to which the applicable Credit Party shall, to the extent required by GAAP, have set aside on its books adequate reserves. The charges, accruals and reserves on the books of Credit Parties in respect of federal, state, local and other taxes for all Fiscal Years and portions thereof since the organization of each such Credit Party are in the judgment of the

Borrower adequate, and the Borrower does not anticipate any additional taxes or assessments for any of such years.

SECTION 3.10. ERISA. The Borrower and each ERISA Affiliate is in material compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder.

SECTION 3.11. Disclosure. All written information, reports and other papers and data produced by or on behalf of each Credit Party and furnished to the Administrative Agent and the Lenders (other than financial projections concerning the Borrower and its Subsidiaries, all of which have been prepared in good faith based upon reasonable assumptions) were, at the time the same were so furnished, complete and correct in all material respects. No document furnished or written statement made to the Administrative Agent or the Lenders by any Credit Party in connection with the negotiation, preparation or execution of this Agreement or any of the Credit Documents contains or will contain any untrue statement of a fact material to the creditworthiness of any Credit Party or omits or will omit to state a fact necessary in order to make the statements contained therein not misleading.

SECTION 3.12. No Default. No event has occurred or is continuing which constitutes (i) a Default or an Event of Default or (ii) which constitutes, or which with the passage of time or giving of notice or both would constitute, a default or event of default by any Credit Party under any material agreement or contract, judgment, decree or order by which any Credit Party or any of their respective properties may be bound or which would require a Credit Party to make any payment thereunder prior to the scheduled maturity date therefore, where (in the case of this clause (ii)) such default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.13. Margin Stock. No Credit Party is engaged principally or as one of its activities in the business of extending credit for the purpose of “purchasing” or “carrying” any “margin stock” (as each such term is defined or used in the regulations of the Board of Governors of the Federal Reserve System). No part of the proceeds of any of the Loans will be used for purchasing or carrying margin stock in violation of, or for any purpose which violates, the provisions of Regulation T, U or X of such Board of Governors.

SECTION 3.14. No Burdensome Restrictions. No Credit Party is a party to any agreement or instrument or subject to any restriction in its organizational documents that (i) will have the effect of prohibiting or restraining, or will impose adverse conditions upon, any of the transactions contemplated hereby or in the other Credit Documents or the payment of dividends or the making of any loans, investments or transfers by any Subsidiary to or in the Borrower or (ii) has resulted or could reasonably be expected to result in a Material Adverse Effect. No Credit Party is subject to any Governmental Approval or Applicable Law which is so unusual or burdensome as in the foreseeable future could be reasonably expected to have a Material Adverse Effect. The Borrower does not presently anticipate that future expenditures of the Credit Parties needed to meet the provisions of any statutes, orders, rules or regulations of a Governmental Authority will be so burdensome as to have a Material Adverse Effect.

SECTION 3.15. Solvency. As of the Effective Date and after giving effect to each Borrowing made hereunder, the Borrower and its Subsidiaries, taken as a whole, will be Solvent.

SECTION 3.16. Debt and Permitted Investments. No Credit Party has any Debt other than Permitted Debt. No Credit Party has made any Investments other than Investments permitted under Section 6.04 of this Agreement.

SECTION 3.17. Fiscal Year. The Fiscal Year of each Credit Party begins on October 1 and ends on September 30 of the following calendar year.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Stinson Morrison Hecker LLP, counsel for the Credit Parties, substantially in the form of Exhibit B, and covering such other matters relating to the Credit Parties, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Credit Party, the authorization of the Transactions and any other legal matters relating to the Credit Parties, this Agreement or the Transactions, as set forth in Exhibit D and all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Administrative Agent shall have received evidence reasonably satisfactory to it that the Existing Credit Agreement has been terminated and cancelled,

that all Debt outstanding thereunder has been fully repaid or will be fully repaid with the proceeds of the initial Revolving Loans and that all liens and security interests granted pursuant thereto have been fully released and terminated.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(g) The Administrative Agent and the Co-Syndication Agents (collectively, the "Agents") shall have received evidence reasonably satisfactory to them that the Borrower's and the relevant seller's respective general partners, directors or other managers and, if necessary, unitholders, shall have approved the Star Gas Acquisition and all regulatory and legal approvals for the Star Gas Acquisition shall have been obtained and any required waiting periods shall have expired or been terminated.

(h) There shall exist an absence of injunction or temporary restraining order which, in the judgment of the Agents would prohibit the making of the Loans or the consummation of the Star Gas Acquisition or the Transactions; and there shall exist an absence of litigation which would reasonably be expected to result in a material adverse effect on the Borrower and its Subsidiaries taken as a whole or on the Star Gas Acquired Business; provided, however, that no litigation with respect to the Star Gas Acquired Business or the Star Gas Acquisition shall be deemed materially adverse, unless it results, or is reasonably likely to result, in a decrease in the value of the Star Gas Acquired Business by more than \$47,500,000.

(i) The total consideration paid in connection with the Star Gas Acquisition shall not exceed \$475,000,000, subject to working capital adjustments, plus fees and expenses related thereto.

(j) The representations and warranties in the Star Gas Acquisition Agreement shall be accurate in all material respects as of the date of the Star Gas Acquisition closing (provided, that, with respect to the Star Gas Acquisition and the Star Gas Acquired Business, the representations and warranties shall be deemed to be accurate in all material respects, unless the inaccuracies result, or are reasonably likely to result, in a decrease in the value of the Star Gas Acquisition or the Star Gas Acquired Business by more than \$47,500,000) and the conditions therein shall have been satisfied or waived with the consent of the Agents and the Borrower must have received an opinion of counsel concerning the enforceability of the Star Gas Acquisition Agreement and its compliance with all applicable law.

(k) The Borrower shall have received net cash proceeds from equity contributions of at least \$80,000,000.

(l) The Agents and the Lenders shall have received audited financial statements for (i) the Borrower for the fiscal years ended September 30, 2003 and September 30,

2004 and (ii) the Star Gas Acquired Business for the fiscal years ended September 30, 2003 and September 30, 2004.

(m) The Agents shall have received a pro forma opening balance sheet as if the Star Gas Acquisition had closed on September 30, 2004 ("Pro Forma Opening Balance Sheet") reflecting consummation of the Star Gas Acquisition and five year financial statement projections ("Projections"), together with such information as the Agents may reasonably request to confirm the tax, legal, and business assumptions made in such Pro Forma Opening Balance Sheet and Projections. The Pro Forma Opening Balance Sheet, the capital structure of the Borrower and the Projections must demonstrate, in the reasonable judgement of the Agents, together with all other information then available to the Agents, that the Borrower and its Subsidiaries have the ability to repay their debts and satisfy the respective other obligations as and when due and to comply with the financial covenants in the Credit Documents.

(n) The Star Gas Acquisition shall have been consummated on the terms contained in the Star Gas Acquisition Agreement (unless waived by the Agents and the Borrower) substantially concurrently with the initial funding hereunder.

(o) If requested by the Agents, the Borrower shall have delivered to the Agents an environmental review report, reasonably satisfactory in form and substance to them, from an environmental review firm reasonably acceptable to them, as to any environmental hazards or liabilities and with the Borrower's plans with respect thereto.

(p) No Default or Event of Default shall exist on the Effective Date. No material adverse change shall have occurred in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, since September 30, 2003 or of the Star Gas Acquired Business since September 30, 2003; provided, however, that a change with respect to the Star Gas Acquired Business shall not be deemed materially adverse, unless it results, or is reasonably likely to result, in a decrease in the value of the Star Gas Acquired Business by more than \$47,500,000.

(q) The Agents shall have determined that there is an absence of any material adverse change or disruption in primary or secondary loan syndication markets or capital markets generally that would likely impair syndication of the credit facility evidenced hereby.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 3:00 p.m., Chicago, Illinois time, on the Effective Date (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan, and of each Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of the making of such Loan or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(b) At the time of and immediately after giving effect to such Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

The making of each Loan and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent for distribution to each Lender:

(a) (i) as soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, audited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the close of such Fiscal Year and audited consolidated statements of income, retained earnings and cash flows for the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures for the preceding Fiscal Year and audited by Ernst & Young, LLP or other independent certified public accountants of national standing reasonably acceptable to the Administrative Agent in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operation of any change in the application of accounting principles and practices during the year, and accompanied by a report thereon by such certified public accountants that is not qualified with respect to scope limitations imposed by the Borrower or any of its Consolidated Subsidiaries or with respect to accounting principles followed by the Borrower or any of its Consolidated Subsidiaries not in accordance with GAAP (it being agreed that for purposes hereof, the delivery of the Borrower's appropriately completed Annual Report on Form 10-K will be sufficient in lieu of delivery of the consolidated financial statements of the Borrower and its Consolidated Subsidiaries) and (ii) as soon as

practicable and in any event within ninety (90) days after the end of each Fiscal Year, unaudited consolidating balance sheet of the Borrower and its Consolidated Subsidiaries as of the close of such Fiscal Year and unaudited consolidating statements of income, retained earnings and cash flows for the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures for the preceding Fiscal Year, certified by a Financial Officer of the Borrower as having been prepared in accordance with GAAP;

(b) as soon as practicable and in any event within forty-five (45) days after the end of each of the first three fiscal quarters, unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the close of such fiscal quarter and unaudited consolidated statements of income, retained earnings and cash flows for the fiscal quarter then ended and that portion of the Fiscal Year then ended, all in reasonable detail setting forth in comparative form the corresponding figures for the preceding Fiscal Year and prepared by the Borrower in accordance with GAAP other than the absence of footnotes and subject to year-end audit and adjustments and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by a Financial Officer of the Borrower to present fairly in all material respects the financial condition of the Borrower and its Consolidated Subsidiaries as of their respective dates and the results of operations of the Borrower and its Consolidated Subsidiaries for the respective periods then ended other than the absence of footnotes and subject to year-end audit and adjustments (it being agreed that for purposes hereof, the delivery of the Borrower's appropriately completed Quarterly Report on Form 10-Q will be sufficient in lieu of delivery of the consolidated financial statements of the Borrower and its Consolidated Subsidiaries);

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower in the form of Exhibit E hereto (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating (A) compliance with Sections 6.01, 6.03, 6.04, 6.06 and 6.12 and (B) the determination of the Applicable Rate and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable, but in any event no later than August 31 of the preceding Fiscal Year, the Borrower shall submit to the Administrative Agent an Annual Budget for the next Fiscal Year, approved by management of the Borrower. As soon as

practicable, but in any event no later than November 30 of the applicable Fiscal Year, the Borrower shall submit to the Administrative Agent the Annual Budget for the then current Fiscal Year, approved by the board of directors (or analogous governing board) of the Borrower;

(f) as soon as available, but in any event within 5 Business Days after the creation or acquisition of any new Subsidiary, or the sale or dissolution of any existing Subsidiary, an updated Schedule 3.01 hereto reflecting the addition of such new Subsidiary or the removal of such existing Subsidiary (as applicable); and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent for distribution to each Lender prompt (but in no event later than ten (10) days after an officer of a Credit Party obtains knowledge thereof) written notice of the following:

(a) the commencement of all proceedings and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against or involving any Credit Party or any of their respective properties, assets or businesses, which could reasonably be expected to have a Material Adverse Effect;

(b) any notice of any violation received by any Credit Party from any Governmental Authority including, without limitation, any notice of violation of Environmental Laws or ERISA which, in any such case, could reasonably be expected to have a Material Adverse Effect;

(c) any labor controversy that has resulted in a strike or other work action against any Credit Party that could reasonably be expected to have a Material Adverse Effect;

(d) any dispositions of any Collateral or other assets or property of any Credit Party (other than (i) dispositions in the ordinary course of its business, (ii) sales of assets between Credit Parties and (iii) sales or dispositions of obsolete or worn-out equipment) within ten (10) days of the disposition thereof;

(e) any Default or Event of Default;

(f) any event which makes any of the representations set forth in Article III inaccurate in any respect;

(g) any other development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect; and

(h) promptly upon receipt thereof, copies of all reports, if any, submitted to any Credit Party or its respective board of directors (or analogous governing body) by its

respective independent public accountants in connection with their auditing function, including, without limitation, accountant letters, management reports and management responses thereto.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, (i) carry on and conduct its principal business substantially as it is now being conducted, (ii) maintain in good standing its existence and its right to transact business in those states in which it is now or may after the Effective Date be doing business, and (iii) maintain all licenses, permits and registrations necessary to the conduct of its business, except where the failure to so maintain its right to transact business or to maintain such licenses, permits or registrations would not have a Material Adverse Effect.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay and discharge, before they become delinquent, all taxes, assessments and other governmental charges imposed upon it, its properties, or any part thereof, or upon the income or profits therefrom and all claims for labor, materials or supplies which if unpaid might be or become a Lien or charge upon any of its property and other material obligations, except such items as it is in good faith appropriately contesting and as to which adequate reserves have been provided to the Administrative Agent's satisfaction.

SECTION 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) (i) maintain, preserve and keep its properties and every part thereof in good repair, working order and condition (except for such properties as the Borrower in good faith determines are not useful in the conduct of its or its Subsidiaries' business), (ii) from time to time make all necessary and proper repairs, renewals, replacements, additions and improvements thereto so that at all times the efficiency thereof shall be fully preserved and maintained (ordinary wear and tear excepted), and (iii) maintain all leases of real or personal property in good standing, free of any defaults by the Credit Party that is party thereto, except, in each case, where the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (b) keep insured at all times with financially sound and reputable insurers which are satisfactory to the Administrative Agent (i) all of its property of an insurable nature (other than residential tanks and racks and cylinders on a cylinder exchange program), including, without limitation, all real estate, equipment, fixtures and inventories, against fire and other casualties in such a manner and to the extent that like properties are usually insured by others owning properties of a similar character in a similar locality or as otherwise reasonably required by the Administrative Agent, with the proceeds of such casualty insurance payable to the Administrative Agent for the benefit of the Lenders, and (ii) against liability on account of damage to persons or property (including product liability insurance, pollution legal liability insurance and all insurance required under all applicable worker's compensation laws) caused by it or its officers, members, employees, agents or contractors in such a manner and to the extent that like risks are usually insured by others conducting similar businesses in the places where it conducts its business or as otherwise required by the Administrative Agent; provided,

however, that the Borrower may self-insure against casualty all of its property of an insurable nature, so long as (y) no Event of Default has occurred and is continuing under this Agreement, and (z) adequate reserves (as are customary in the case of self-insured entities of similarly situated companies engaged in the same or a similar line of business in accordance with GAAP) are maintained for such purpose. Notwithstanding the foregoing, in the event that any property of the Borrower or any of its Subsidiaries is not accepted by the applicable insurer for inclusion under the Borrower's or the applicable Subsidiary's pollution legal liability policy, the Borrower or such Subsidiary shall not be required to maintain pollution legal liability insurance coverage on such property provided that (i) the Borrower provides the Administrative Agent with notice of the rejection of such property by the insurer, and (ii) at the Administrative Agent's option, such property shall not be included in the Collateral. The Borrower shall cause the insurers under all of its and its Subsidiaries' insurance policies to (a) provide the Administrative Agent at least thirty (30) days prior written notice of the termination of any such policy before such termination shall be effective and (b) agree to such other matters in respect of any such casualty insurance as provided in the Administrative Agent's loss payee endorsement. In addition, the Borrower will, upon request of the Administrative Agent at any time, furnish a written summary of the amount and type of insurance carried by the Borrower and its Subsidiaries, the names of the insurers and the policy numbers, and deliver to the Administrative Agent certificates with respect thereto.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to (i) maintain complete and accurate books and financial records in accordance with GAAP; (ii) during normal working hours permit the Administrative Agent and Persons designated by the Administrative Agent to visit and inspect its properties and to conduct any environmental tests or audits thereon, to perform audits of its accounts receivable and inventory and to inspect its books and financial records (including its journals, orders, receipts and correspondence which relate to its accounts receivable and inventory), to make copies and to take extracts therefrom, and to discuss its affairs, finances and accounts receivable and operations with its members, officers, employees and agents and its independent public accountants at the expense of the Borrower; (iii) permit the Administrative Agent and Persons designated by the Administrative Agent to perform audits of such books and financial records at the expense of the Borrower when and as requested by the Administrative Agent.

SECTION 5.07. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all applicable laws, rules and regulations, and all orders of any Governmental Authority, applicable to it or any of its property, business, operations or transactions (including ERISA and all Environmental Laws), except where the failure to so comply could not reasonably be expected to result in a Material Adverse Effect, and provide prompt written notice to the Administrative Agent following the receipt of any notice of any violation of any such laws, rules, regulations or orders from any Governmental Authority charged with enforcing the same where such violation could reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. Use of Proceeds. The Borrower will, and will cause each of its Subsidiaries to, only use the proceeds of (a) the Acquisition Loans to (i) refinance the indebtedness under the Existing Credit Agreement, (ii) finance the Star Gas Acquisition and related transaction expenses, (iii) finance Permitted Acquisitions, (v) finance Expansion Capital Expenditures and (v) finance the working capital needs of the Borrower and its Subsidiaries of

up to \$25,000,000; and (b) the Working Capital Loans and Swingline Loans to (i) refinance the indebtedness under the Existing Credit Agreement and (ii) finance the working capital needs of the Borrower and its Subsidiaries. No proceeds of any Loans shall be used to acquire or carry any "margin stock" (as such term is defined or used in the regulations of the Board of Governors of the Federal Reserve System).

SECTION 5.09. Subsidiary Guaranty. As promptly as possible but in any event within thirty (30) days (or such later date as may agreed upon by the Administrative Agent) after any Person becomes a Subsidiary or a Subsidiary ceases to be an "Excluded Subsidiary" under the definition of that term, the Borrower shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the material assets of such Person and shall cause each such Subsidiary to deliver to the Administrative Agent the Subsidiary Guaranty pursuant to which such Subsidiary agrees to be bound by the terms and provisions of thereof, such Subsidiary Guaranty to be accompanied by appropriate authorizing resolutions, other Organic Documents and legal opinions in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

SECTION 5.10. Collateral. (a) The Borrower will cause, and will cause each other Credit Party to cause, all of its owned Property (subject to the exceptions contained herein and in any Collateral Document) to be subject at all times to first priority, perfected Liens in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations to secure the Obligations in accordance with the terms and conditions of the Collateral Documents, subject in any case to Permitted Liens. Without limiting the generality of the foregoing, the Borrower will cause the Applicable Pledge Percentage of the issued and outstanding equity interests of each Pledge Subsidiary) directly owned by the Borrower or any other Credit Party to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent to secure the Obligations in accordance with the terms and conditions of the Collateral Documents or such other security documents as the Administrative Agent shall reasonably request to the extent, and within such time period as is, reasonably required by the Administrative Agent. Notwithstanding the foregoing, (1) no pledge agreement in respect of the equity interests of a Foreign Subsidiary shall be required hereunder to the extent such pledge thereunder is prohibited by applicable law or the Administrative Agent or its counsel reasonably determines that such pledge would not provide material credit support for the benefit of the Holders of Secured Obligations pursuant to legally valid, binding and enforceable pledge agreements and (2) the vehicle titles for the motor vehicles owned by the Credit Parties on the Effective Date need not be retitled to reflect the Administrative Agent as the lienholder, and no Mortgages are required to be delivered hereunder, in each case, until March 17, 2005 or such later date as the Administrative Agent may agree in the exercise of its reasonable discretion (it being understood and agreed that the failure to deliver such retitled vehicle titles and Mortgages by the required date shall constitute a Default under clause (d)(i) of Article VII hereof) with respect to the real property owned by the Credit Parties on the Effective Date; provided that the Borrower hereby agrees to use its best efforts to cause the delivery of such retitled vehicle titles and Mortgages as soon as practicable after the Effective Date.

(b) The Borrower will, and will cause each of its Subsidiaries to, keep all Collateral, other than inventory in transit, motor vehicles, residential tanks and bulk storage tanks, at one or more of the locations set forth on Schedule 5.10 hereto and not remove any such

Collateral therefrom except for, (i) inventory sold in the ordinary course of business; (ii) dispositions of obsolete or worn out equipment to the extent permitted under this Agreement and the other Credit Documents; and (iii) the storage of inventory or equipment at locations within the continental United States other than those described on Schedule 5.10 hereto; provided that (a) this Section 5.10 shall be deemed inapplicable during the continuation of the Collateral Release Event (as defined below) and (b) the Borrower shall take all actions necessary for the Administrative Agent's Lien on such inventory and equipment to continue to be a perfected first priority Lien subject to no other Lien other than Permitted Liens. Notwithstanding the foregoing or anything else contained in this Agreement or any other Credit Document to the contrary, the parties hereto acknowledge and agree that in the event the Borrower receives, after the Effective Date, investment grade ratings for its senior unsecured long-term debt securities (without third-party credit enhancement) from both S&P (at least BBB-) and Moody's (at least Baa3), the security interests granted pursuant to the Collateral Documents will be released (the "Collateral Release Event"); provided that if either such investment grade rating from S&P or Moody's subsequently falls below BB+ or Ba1 respectively, the Borrower and its Subsidiaries will re-grant the security interests in the Collateral pursuant to comparable Collateral Documents and no further ratings-based collateral releases will be permissible.

SECTION 5.11. Performance of Obligations; Further Assurances. If an Event of Default has occurred and is continuing, the Borrower will, and will cause each of its Subsidiaries to, permit the Administrative Agent on behalf of the Lenders, if the Administrative Agent or the Required Lenders so elects in their sole discretion, to pay or perform any of the Borrower's Obligations hereunder or under any other Credit Documents and to reimburse the Administrative Agent, on demand, or, if the Administrative Agent so elects, by the Administrative Agent making one or more Loans (as the Administrative Agent may elect) on the Borrower's behalf and charging the accounts of any Credit Party held by the Administrative Agent accordingly, for all amounts expended by or on behalf of the Administrative Agent in connection therewith, and all costs and expenses incurred by or on behalf of the Administrative Agent in connection therewith. Subject to the limitations contained in Section 5.13, the Borrower further agrees to, and cause each of its Subsidiaries to, other than during the continuation of the Collateral Release Event, execute, deliver or perform, or cause to be executed, delivered or performed, all such Collateral Documents and other documents, agreements or acts, as the case may be, as the Administrative Agent may reasonably request from time to time to create, perfect, continue or otherwise assure the Administrative Agent with respect to any Lien on all assets of each Credit Party or created or purported to be created by any of the Credit Documents or to otherwise create, evidence, assure or enhance the Administrative Agent's and the Lender's rights and remedies under, or as contemplated by, the Credit Documents or at law or in equity.

SECTION 5.12. Risk Management Policy. The Borrower will, and will cause each of its Subsidiaries to, comply, and require its Subsidiaries to comply, with (i) the retail and wholesale inventory distribution and trading procedures, (ii) the dollar and volume limits, and (iii) all other material provisions of the Risk Management Policy.

SECTION 5.13. Acquisition of Property and Assets. Subject to the provisions of Section 5.10 and Article VIII, assets and properties acquired by any Credit Party after the Effective Date but excluding such period during which the Collateral Release Event is continuing, consisting of (i) such real properties as constitute at least seventy-five percent (75%)

of the aggregate market value of the real properties acquired, as determined by the Administrative Agent in its reasonable discretion, (ii) such motor vehicles as constitute at least seventy-five percent (75%) of the aggregate market value of the motor vehicles acquired, as determined by the Administrative Agent in its reasonable discretion, and (iii) all other material personal property assets acquired (to the extent that (a) a Lien can be perfected thereon by the filing of UCC financing statements in the appropriate jurisdictions, and (b) if required by the Administrative Agent, a Lien can be perfected thereon by possession or other methods under the UCC), shall be part of the Collateral securing the payment and performance of the Obligations on which the Administrative Agent shall have a perfected Lien, and the applicable Credit Party shall execute and deliver, or cause to be executed and delivered, to the Administrative Agent, at the Borrower's reasonable expense, such documents (including, without limitation, Collateral Documents, UCC financing statements, fixture filings and opinions of counsel) and other assurances as the Administrative Agent may request in order to create and perfect Liens in such assets and properties in favor of the Administrative Agent, subject to no other Liens other than Permitted Liens. Notwithstanding anything to the contrary set forth above, the conditions set forth in clauses (i), (ii) and (iii) shall not apply to the acquisition of assets and properties (whether acquired in one or more related or unrelated transactions) to the extent that the aggregate purchase price of such assets and properties does not exceed \$10,000,000.

SECTION 5.14. ERISA. The Borrower will, and will cause each of its Subsidiaries to, (i) notify the Administrative Agent promptly of the establishment or joinder of any Plan, except that prior to the establishment of any "welfare benefit plan" (as defined in Section 3(1) of ERISA) covering any employee of any Credit Party or ERISA Affiliate for any period after such employee's termination of employment other than such period required by the Consolidated Omnibus Budget Reconciliation Act of 1986 or "defined benefit plan" (as defined in Section 3(35) of ERISA) or joinder of, or contribution to, any "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA), it will obtain the Administrative Agent's prior written approval of such establishment; (ii) at all times make prompt payments or contributions to meet the minimum funding standards of Section 412 of the Code, with respect to each Plan; (iii) promptly after the filing thereof, furnish to the Administrative Agent a copy of any report required to be filed pursuant to Section 103 of ERISA in connection with each Plan for each plan year, including but not limited to the Schedule B attached thereto, if applicable; (iv) notify the Administrative Agent promptly of any "reportable event" (as defined in Section 4043 of ERISA) or any circumstances arising in connection with any Plan that might constitute grounds for the termination thereof by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer the Plan, the initiation of any audit or inquiry by the Internal Revenue Service or the Department of Labor of any Plan or transaction(s) involving or related to any Plan, or any "prohibited transaction" as defined in Section 406 of ERISA or Section 4975(c) of the Internal Revenue Code of 1986, as amended; (v) notify the Administrative Agent prior to any action that could result in the assertion of liability under Subtitle E of Title IV of ERISA caused by the complete or partial withdrawal from any multiemployer plan or to terminate any defined benefit plan sponsored by a Credit Party or any ERISA Affiliate; and (vi) promptly furnish such additional information concerning any Plan as the Administrative Agent may from time to time reasonably request.

SECTION 5.15. Environmental Reports. If an Event of Default caused by reason of a breach of Section 5.07 (as such Section relates to Environmental Laws) shall have occurred

and be continuing, at the request of the Required Lenders through the Administrative Agent, the Borrower will, and will cause each of its Subsidiaries to, provide to the Lenders within forty-five (45) days after such request, at the expense of the Borrower, an environmental site assessment report for the properties which are the subject of such Event of Default prepared by an environmental consulting firm acceptable to the Administrative Agent and consented to by the Borrower (which consent shall not be unreasonably withheld or delayed), indicating the presence or absence of hazardous materials and the estimated cost of any compliance or remedial action in connection with such properties.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Debt. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Debt, except Permitted Debt.

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Liens.

SECTION 6.03. Mergers; Sales of Assets; Sale-Leasebacks and other Fundamental Changes. (a) The Borrower will not, and will not permit any Subsidiary to, (i) merge or consolidate with or otherwise acquire, or be acquired by, any other Person; provided that the Borrower may consummate Permitted Acquisitions; and (ii) sell, lease or otherwise transfer all or any part of its assets other than, (a) the sale of inventory in the ordinary course of such Person's business, (b) the disposition of obsolete or worn out equipment subject to Section 2.11(b)(iii) hereof, (c) for so long as there exists no Event of Default, the sale of motor vehicles in the ordinary course of such Person's business, (d) sales of assets between Credit Parties and (e) the sale of other assets not in the ordinary course of business in an amount not to exceed \$10,000,000 (or \$50,000,000 if the Aggregate Combined Commitment has been reduced (other than pursuant to Article VII) to an amount equal to or less than \$325,000,000) in any Fiscal Year.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, enter into any arrangement with any lender or investor or to which such lender or investor is a party, providing for the leasing by the Borrower or any of its Subsidiaries of real or personal property which has been or is to be sold or transferred by the Borrower or any of its Subsidiaries to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Borrower or any of

its Subsidiaries, except for such transactions which, together with all other such transactions entered into by the Borrower and its Subsidiaries, involve real and personal property having a fair market value not exceeding \$5,000,000 in the aggregate.

(c) The Borrower will not, and will not permit any of its Subsidiaries to, create any Subsidiary or manufacture any goods, render any services or otherwise enter into any business which is not substantially similar to that existing on the Effective Date; provided, however, that the Borrower or any of its Subsidiaries may engage in, or create one or more Controlled Subsidiaries to engage in, Midstream Business.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to:

(a) subject to clause (b) below, make or permit to exist any loans or advances to or any other investment in any Person (including any equity holders of the Borrower or of any of its Affiliates), except (1) investments in (i) interest-bearing United States Government obligations, (ii) certificates of deposit issued by or time deposits with any commercial bank organized and existing under the laws of the United States or any state thereof having capital and surplus of not less than \$25,000,000, (iii) prime commercial paper rated AAA by S&P or Prime P-1 by Moody's and (iv) agreements involving the sale and guaranteed repurchase of United States Government securities, (2) investments in securities of trade creditors or customers in the ordinary course of business and consistent with the Borrower's or such Subsidiaries' past practices that are received in settlement of *bona fide* disputes or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers, (3) loans and advances to directors, employees and officers of the Borrower and the Subsidiaries for *bona fide* business purposes, in aggregate amount not to exceed \$1,000,000 at any time outstanding, (4) investments in Inergy Canada Corporation in an amount not to exceed \$5,000,000, (5) investments in the Borrower, (6) the Borrower and the Subsidiaries may (i) acquire and hold accounts receivables owing to any of them if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary terms, (ii) endorse negotiable instruments held for collection in the ordinary course of business and (iii) make lease, utility and other similar deposits in the ordinary course of business, (7) a Subsidiary provided that (i) such Subsidiary is a wholly owned Subsidiary (directly or indirectly) of the Borrower; (ii) such Subsidiary guarantees the Obligations under the Credit Agreement and other Credit Documents pursuant to the Subsidiary Guaranty, (iii) such Subsidiary grants to the Administrative Agent for the benefit of the Lenders a first priority security interest in all assets and properties of such Subsidiary (subject only to Permitted Liens) in accordance with Section 5.13 pursuant to the Pledge and Security Agreement and, in the case of real property owned by such Subsidiary, a Mortgage and (iv) the Capital Stock of such Subsidiary is pledged to the Administrative Agent for the benefit of the Holders of Secured Obligations pursuant to the Pledge and Security Agreement, (8) Guaranties permitted under Section 6.01, (9) Permitted Acquisitions and (10) other investments in an aggregate amount not to exceed \$5,000,000 in any Fiscal Year. All instruments and documents evidencing such investments shall be pledged to the Administrative Agent promptly after the relevant Person's receipt thereof, shall be security for the Obligations, and shall be Collateral hereunder; and

(b) acquire any assets or property of any other Person (other than a Credit Party) other than (i) pursuant to a Permitted Acquisition, (ii) subject to Section 5.13, in the ordinary course of business consistent with past practices and (iii) as part of a Capital Expenditure.

SECTION 6.05. Hedging Agreements; Put Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Hedging Agreement, except (a) Hedging Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure regardless of maturity (other than those in respect of Capital Stock of the Borrower or any of its Subsidiaries), and (b) Hedging Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary. Furthermore, the Borrower will not, and will not permit any of its Subsidiaries to, enter into any put agreement or similar agreement with any other Person granting such Person put rights or similar arrangements with respect to the Capital Stock of the Borrower or its Subsidiaries (other than in connection with compensation arrangements with directors, officers or employees of the Borrower or any Subsidiary).

SECTION 6.06. Restricted Payments. The Borrower will not, and will not permit any of its Subsidiaries to, declare or pay any dividends on or make any other distributions in respect of any membership interests or other equity interests (other than in connection with compensation arrangements with directors, officers or employees of the Borrower or any Subsidiary) or redeem or otherwise acquire any such membership or other equity interests without in each instance obtaining the prior written consent of the Required Lenders; provided, however, that (i) any Credit Party which is a Subsidiary of the Borrower may pay regularly scheduled dividends or make other distributions to the Borrower and (ii) if no Default or Event of Default exists or would result therefrom, the Borrower may pay cash distributions, free of any Lien, to its unitholders in an aggregate amount not to exceed Available Cash.

SECTION 6.07. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or be a party to any transaction or arrangement, including without limitation, the purchase, sale or exchange of property of any kind or the rendering of any service, with any Affiliate, except in the ordinary course of and pursuant to the reasonable requirements of such Person's business and upon fair and reasonable terms substantially as favorable to such Person as those which would be obtained in a comparable arms-length transaction with a non-Affiliate except that the following shall be permitted: (1) investments permitted by Sections 6.04(a)(3)-(7), (2) reasonable and customary director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements, (3) the existence of, and the performance by any Credit Party of its obligations under the terms of, any limited liability company, limited partnership or other Organic Document or securityholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party on the Closing Date, and which has been disclosed to the Lenders as in effect on the Closing Date, and similar agreements that it may enter into thereafter; provided, however, that the existence of, or the performance by any Credit Party of obligations under, any amendment to any such existing agreement or any such similar agreement entered into after the Closing Date shall only be permitted by this Section 6.07 to the extent not more adverse to the interest of the

Lenders in any material respect than the provisions of any of such documents and agreements as in effect on the Closing Date and (4) transactions between and among the Credit Parties. The foregoing shall not prohibit the creation of, or an arrangement with, a Subsidiary or other Affiliate in connection with a Permitted Acquisition or other acquisition of assets and properties pursuant to the terms and conditions of this Agreement, provided, that the structure of any such proposed transaction is disclosed to the Administrative Agent and is acceptable to the Administrative Agent in its reasonable discretion.

SECTION 6.08. Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that conflicts with any provision of this Agreement or the other Credit Documents. Furthermore, the Borrower will not, and will not permit any of its Subsidiaries to, enter into any Debt (other than Permitted Junior Debt) which contains any covenants (including, without limitation, a negative pledge on assets that does not permit the Liens securing the Obligations) more restrictive than the provisions of Articles V and VI, or enter into any Permitted Junior Debt (other than the Senior Unsecured Notes and the other Debt described in clause (1)(ii) of the first sentence of the definition of Permitted Junior Debt) which contains any covenants more restrictive than the provisions of Article VI or any negative pledge on assets that does not permit the Liens securing the Obligations.

SECTION 6.09. Changes in Accounting Principles; Fiscal Year. The Borrower will not, and will not permit any of its Subsidiaries to, make any change in its principles or methods of accounting as currently in effect, except such changes as are required by GAAP, nor, without first obtaining the Administrative Agent's written consent, change its Fiscal Year.

SECTION 6.10. Lease Obligations. The Borrower will not, and will not permit any of its Subsidiaries to, permit the aggregate obligations that are due and payable during any Fiscal Year under leases or agreements to lease (other than obligations under Capital Leases) to exceed \$20,000,000.

SECTION 6.11. Amendments to Organic Documents. The Borrower will not, and will not permit any of its Subsidiaries to, amend or otherwise modify their respective Organic Documents in any manner that would affect the Administrative Agent or the Lenders without the prior written consent of the Administrative Agent and the Required Lenders, except for amendments or other modifications that modify administrative provisions or amendments that reflect the issuance, redemption or transfer of Capital Stock to the extent permitted by and in accordance with this Agreement and the other Credit Documents.

SECTION 6.12. Financial Covenants.

(a) Maximum Total Leverage Ratio. The Borrower will not permit the Total Leverage Ratio, determined as of the end of each of its fiscal quarters ending on and after the Effective Date for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, to be greater than (i) 5.50 to 1.0 as of the end of the fiscal quarters ending December 31, 2004 and March 31, 2005 and (ii) 4.75 to 1.0 as of the end of each fiscal quarter thereafter.

(b) Maximum Senior Secured Leverage Ratio. The Borrower will not permit the Senior Secured Leverage Ratio, determined as of the end of each of its fiscal quarters ending on and after December 31, 2005 for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, to be greater than 3.75 to 1.0.

(c) Minimum Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio, determined as of the end of each of its fiscal quarters ending on and after the Effective Date for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, to be less than 2.5 to 1.0.

SECTION 6.13. Permitted Junior Debt and Amendments to Permitted Junior Debt Documents. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Permitted Junior Debt or any Debt from time to time outstanding under the Permitted Junior Debt Documents. Furthermore, the Borrower will not, and will not permit any Subsidiary to, amend the Permitted Junior Debt Documents or any document, agreement or instrument evidencing any Debt incurred pursuant to the Permitted Junior Debt Documents (or any replacements, substitutions, extensions or renewals thereof) or pursuant to which such Debt is issued where such amendment, modification or supplement provides for the following or which has any of the following effects:

(a) increases the overall principal amount of any such Debt or increases the amount of any single scheduled installment of principal or interest;

(b) shortens or accelerates the date upon which any installment of principal or interest becomes due or adds any additional mandatory redemption provisions;

(c) shortens the final maturity date of such Debt or otherwise accelerates the amortization schedule with respect to such Debt;

(d) amends or modifies any financial or negative covenant (or covenant which prohibits or restricts the Borrower or any Subsidiary from taking certain actions) in a manner which is more onerous or more restrictive in any material respect to the Borrower or such Subsidiary or which is otherwise materially adverse to the Borrower, any Subsidiary and/or the Lenders or, in the case of any such covenant, which places material additional restrictions on the Borrower or such Subsidiary or which requires the Borrower or such Subsidiary to comply with more restrictive financial ratios or which requires the Borrower to better its financial performance, in each case from that set forth in the existing applicable covenants in the Permitted Junior Debt Documents or the applicable covenants in this Agreement; or

(e) amends, modifies or adds any affirmative covenant in a manner which (i) when taken as a whole, is materially adverse to the Borrower, any Subsidiary and/or the Lenders or (ii) is more onerous than the existing applicable covenant in the Permitted Junior Debt Documents or the applicable covenant in this Agreement.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement, the Subsidiary Guaranty, any Pledge Agreement, any other Credit Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement, the Subsidiary Guaranty, any other Credit Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the Borrower's existence), 5.08, 5.09 or 5.10 or in Article VI (other than Sections 6.07, 6.09, 6.10 and 6.11) or (ii) any of the Credit Documents shall cease in any material respect to be in full force and effect or shall be declared to be null and void in whole or in a material part by the final judgment of a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability thereof shall be contested by, or on behalf of, any Credit Party; or any Credit Party shall renounce any of the same or deny that it has any or further liability under any Credit Document to which it is a party; or any security interest purported to be created by any Credit Document shall cease to be, or shall be asserted by any Credit Party not to be, a valid, perfected, first priority (except as expressly otherwise provided in this Agreement or such Credit Document) security interest in the Collateral covered thereby;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any Credit Party shall be in breach of any of the terms or provisions of any other Credit Document (beyond the applicable grace period with respect thereto, if any), and such failure or breach shall continue unremedied for a period of 30 days after the earlier to occur of (i) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender) or (ii) an officer of the Borrower becomes aware of any such failure or breach;

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Debt, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Debt (other than Material Debt under Hedging Agreements) becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Debt or any trustee or agent on its or their behalf to cause any Material Debt to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; or any default occurs under any Hedging Agreement that constitutes Material Debt which default could enable the other counterparty to terminate the Hedging Agreement; provided that this clause (g) shall not apply to secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Material Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$2,500,000 (to the extent not covered by insurance) shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; or

(m) a Change in Control shall occur.

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Credit Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and on behalf of the Holders of Secured Obligations and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as

Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or (vi) the perfection or priority of any of the Liens on any of the Collateral.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more subagents appointed by the Administrative Agent. The Administrative Agent and any such subagent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such subagent and to the Related Parties of the Administrative Agent and any such subagent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent; provided, that if an Event of Default has occurred and is continuing, no consent of the Borrower shall be required. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers,

privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

None of the Lenders, if any, identified in this Agreement as a Co-Syndication Agent or a Co-Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their capacity as Co-Syndication Agents or Co-Documentation Agents as it makes with respect to the Administrative Agent in the preceding paragraph.

Except with respect to the exercise of setoff rights of any Lender, including the Issuing Banks, in accordance with Section 9.08, the proceeds of which are applied in accordance with this Agreement, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower or with respect to any Credit Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Credit Documents, with the consent of the Administrative Agent.

The Lenders, including the Issuing Banks, are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan or any Letter of Credit after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

In its capacity, the Administrative Agent is a "representative" of the Holders of Secured Obligations within the meaning of the term "secured party" as defined in the New York Uniform Commercial Code. Each Lender authorizes the Administrative Agent to enter into each of the Collateral Documents to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Holder of Secured Obligations (other than the Administrative Agent) shall have the right individually to seek to realize upon the security

granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Administrative Agent for the benefit of the Holders of Secured Obligations upon the terms of the Collateral Documents. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Holders of Secured Obligations any Credit Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Holders of Secured Obligations. The Lenders hereby authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any Collateral (i) upon termination of the Commitments and payment and satisfaction of all of the Obligations (other than contingent indemnity obligations and Obligations in respect of Hedging Agreements) at any time arising under or in respect of this Agreement or the Credit Documents or the transactions contemplated hereby or thereby; (ii) as permitted by, but only in accordance with, the terms of the applicable Credit Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Credit Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five Business Days' prior written request by the Borrower to the Administrative Agent, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Holders of Secured Obligations herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Borrower or any Subsidiary in respect of) all interests retained by the Borrower or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

The Lenders and the Borrower irrevocably authorize the Administrative Agent, at its option and in its discretion, in the event that, at any time, the Administrative Agent determines that it does not have a perfected Lien on (i) such fee-owned real properties of the Credit Parties as constitute at least seventy-five percent (75%) of the aggregate market value of all fee-owned real properties of the Credit Parties, and/or (ii) such motor vehicles of the Credit Parties as constitute at least seventy-five percent (75%) of the aggregate market value of motor vehicles of the Credit Parties, to obtain perfected Liens on such unencumbered fee-owned real properties and/or unencumbered motor vehicles as the Administrative Agent deems necessary to reach the seventy-five percent (75%) aggregate market value threshold. The Borrower shall provide the Administrative Agent with all information reasonably requested by the Administrative Agent from time to time related to assets owned by the Credit Parties, shall cooperate fully with the Administrative Agent with respect to the performance of due diligence and the execution of documents necessary to facilitate such Lien perfection and shall pay all

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at Two Brush Creek Blvd., Suite 200, Kansas City, Missouri 64112, Attention of Brooks Sherman, Chief Financial Officer (Telecopy No. (816) 531-3685);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1 Bank One Plaza IL 1-0010, Chicago, Illinois 60670, Attention of Kenneth Fecko (Telecopy No. (312) 385-7096), with copies to JPMorgan Chase Bank, N.A., 1 Bank One Plaza IL 1-0365, Chicago, Illinois 60670, Attention of Joseph Giampetrone (Telecopy No. (312) 325-3030);

(iii) if to any Issuing Bank, to it at the address most recently specified by it in a notice delivered to the Administrative Agent and the Borrower;

(iv) if to the Swingline Lender, to it at JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1 Bank One Plaza IL 1-0010, Chicago, Illinois 60670, Attention of Kenneth Fecko (Telecopy No. (312) 385-7096); and

(v) if to any other Lender, to it at its address (or telecopy number or e-mail address) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender or (vi) other than pursuant to a transaction permitted by the terms of this Agreement or any other Credit Document, release any Guarantor which is a Material Subsidiary or release all or substantially all of the Collateral which is subject to the Credit Documents (other than pursuant to the Collateral Release Event); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, such Issuing Bank or the Swingline Lender, as the case may be.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by each Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of

Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, an Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, such Issuing Bank or the Swingline Lender, as the case may be, such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, such Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 15 days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and shall agree to be bound by Section 9.12 hereof.

For the purposes of this Section 9.04(b), the term “Approved Fund” has the following meaning:

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Banks and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full,

together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(b) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Issuing Banks or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (b)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(c) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect

representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturred. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York, but giving effect to federal laws applicable to national banks.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or

relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or

proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, “Information” means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”) hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

INERGY, L.P., as the Borrower

By: INERGY GP, LLC,
its managing general partner

By /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

Signature Page to
5-Year Credit Agreement
Inergy, L.P.

JPMORGAN CHASE BANK, N.A., individually and as
Administrative Agent

By: /s/ Jane Bek Keil

Name: Jane Bek Keil

Title: Director

LEHMAN COMMERCIAL PAPER INC.,
individually and as
Co-Syndication Agent

By: /s/ Ritam Bhalla

Name: Ritam Bhalla

Title: Authorized Signatory

WACHOVIA BANK, NATIONAL ASSOCIATION,
individually and as
Co-Syndication Agent

By: /s/ Yann Pirio

Name: Yann Pirio

Title: Vice President

FLEET NATIONAL BANK,
individually and as Co-Documentation Agent

By: /s/ Robert D. Valbona

Name: Robert D. Valbona

Title: Managing Director

BANK OF OKLAHOMA, NATIONAL ASSOCIATION,
individually and as Co-Documentation Agent

By: /s/ T. Coy Gallatin

Name: T. Coy Gallatin

Title: Senior Vice President

Signature Page to
5-Year Credit Agreement
Inergy, L.P.

364-DAY CREDIT AGREEMENT

dated as of

DECEMBER 17, 2004

among

INERGY, L.P.

as the Borrower

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

LEHMAN COMMERCIAL PAPER INC. and WACHOVIA BANK, NATIONAL
ASSOCIATION,
as Co-Syndication Agents

and

FLEET NATIONAL BANK, as Documentation Agent

J.P. MORGAN SECURITIES INC. and LEHMAN BROTHERS INC.,
as Joint Bookrunners and Co-Lead Arrangers

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
Definitions	
SECTION 1.01. Defined Terms	1
SECTION 1.02. Classification of Loans and Borrowings	24
SECTION 1.03. Terms Generally	24
SECTION 1.04. Accounting Terms; GAAP	25
ARTICLE II	
The Credits	
SECTION 2.01. Commitments	25
SECTION 2.02. Loans and Borrowings	25
SECTION 2.03. Requests for Revolving Borrowings	26
SECTION 2.04. Intentionally Omitted	26
SECTION 2.05. Intentionally Omitted	26
SECTION 2.06. Intentionally Omitted	26
SECTION 2.07. Funding of Borrowings	26
SECTION 2.08. Interest Elections	27
SECTION 2.09. Termination and Reduction of Commitments	28
SECTION 2.10. Repayment of Loans; Evidence of Debt	29
SECTION 2.11. Prepayment of Loans	29
SECTION 2.12. Fees	31
SECTION 2.13. Interest	32
SECTION 2.14. Alternate Rate of Interest	32
SECTION 2.15. Increased Costs	33
SECTION 2.16. Break Funding Payments	34
SECTION 2.17. Taxes	34
SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs	35
SECTION 2.19. Mitigation Obligations; Replacement of Lenders	37
ARTICLE III	
Representations and Warranties	
SECTION 3.01. Organization; Powers; Ownership	38
SECTION 3.02. Authorization; Enforceability	38
SECTION 3.03. Governmental Approvals; No Conflicts	38
SECTION 3.04. Financial Condition; No Material Adverse Change	39

SECTION 3.05.	Properties	39
SECTION 3.06.	Litigation, Contingent Obligations, Labor and Environmental Matters	39
SECTION 3.07.	Compliance with Laws; Governmental Approvals	40
SECTION 3.08.	Investment and Holding Company Status	41
SECTION 3.09.	Taxes	41
SECTION 3.10.	ERISA	41
SECTION 3.11.	Disclosure	41
SECTION 3.12.	No Default	41
SECTION 3.13.	Margin Stock	42
SECTION 3.14.	No Burdensome Restrictions	42
SECTION 3.15.	Solvency	42
SECTION 3.16.	Debt and Permitted Investments	42
SECTION 3.17.	Fiscal Year	42

ARTICLE IV

Conditions

SECTION 4.01.	Effective Date	42
SECTION 4.02.	Each Credit Event	45

ARTICLE V

Affirmative Covenants

SECTION 5.01.	Financial Statements and Other Information	46
SECTION 5.02.	Notices of Material Events	47
SECTION 5.03.	Existence; Conduct of Business	48
SECTION 5.04.	Payment of Obligations	48
SECTION 5.05.	Maintenance of Properties; Insurance	48
SECTION 5.06.	Books and Records; Inspection Rights	49
SECTION 5.07.	Compliance with Laws	50
SECTION 5.08.	Use of Proceeds	50
SECTION 5.09.	Subsidiary Guaranty	50
SECTION 5.10.	Location of Collateral	50
SECTION 5.11.	Performance of Obligations; Further Assurances	51
SECTION 5.12.	Risk Management Policy	52
SECTION 5.13.	Acquisition of Property and Assets	52
SECTION 5.14.	ERISA	52
SECTION 5.15.	Environmental Reports	53

ARTICLE VI

Negative Covenants

SECTION 6.01.	Debt	53
SECTION 6.02.	Liens	53
SECTION 6.03.	Mergers; Sales of Assets; Sale-Leasebacks and other Fundamental Changes	53
SECTION 6.04.	Investments, Loans, Advances, Guarantees and Acquisitions	54
SECTION 6.05.	Hedging Agreements; Put Agreements	55
SECTION 6.06.	Restricted Payments	55
SECTION 6.07.	Transactions with Affiliates	55
SECTION 6.08.	Restrictive Agreements	56
SECTION 6.09.	Changes in Accounting Principles; Fiscal Year	56
SECTION 6.10.	Lease Obligations	56
SECTION 6.11.	Amendments to Organic Documents	56
SECTION 6.12.	Financial Covenants	57

ARTICLE VII

Events of Default

ARTICLE VIII

The Administrative Agent

ARTICLE IX

Miscellaneous

SECTION 9.01.	Notices	64
SECTION 9.02.	Waivers; Amendments	64
SECTION 9.03.	Expenses; Indemnity; Damage Waiver	65
SECTION 9.04.	Successors and Assigns	66
SECTION 9.05.	Survival	69
SECTION 9.06.	Counterparts; Integration; Effectiveness	69
SECTION 9.07.	Severability	70
SECTION 9.08.	Right of Setoff	70
SECTION 9.09.	Governing Law; Jurisdiction; Consent to Service of Process	70
SECTION 9.10.	WAIVER OF JURY TRIAL	71
SECTION 9.11.	Headings	71
SECTION 9.12.	Confidentiality	71
SECTION 9.13.	USA PATRIOT Act	71

SCHEDULES:

- Schedule 2.01 — Commitments
- Schedule 3.01 — Subsidiaries
- Schedule 3.05 — Properties
- Schedule 5.10 — Location of Collateral
- Schedule 6.01 — Existing Debt
- Schedule 6.02 — Permitted Liens

EXHIBITS:

- Exhibit A — Form of Assignment and Assumption
- Exhibit B — Form of Opinion of Borrower's Counsel
- Exhibit C — Form of Written Money Transfer Instruction
- Exhibit D — List of Closing Documents
- Exhibit E — Form of Compliance Certificate

364-DAY CREDIT AGREEMENT dated as of December 17, 2004, among INERGY, L.P., the LENDERS party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, LEHMAN COMMERCIAL PAPER INC. and WACHOVIA BANK, NATIONAL ASSOCIATION, as Co-Syndication Agents and FLEET NATIONAL BANK, as Documentation Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Adjusted LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Combined Commitment” means the sum of the Aggregate Commitment and the “Aggregate Commitment” under the 5-Year Credit Agreement, as such amounts may be reduced or modified at any time or from time to time pursuant to the terms hereof and the terms of the 5-Year Credit Agreement. On the Effective Date, the Aggregate Combined Commitment is Seven Hundred Million Dollars (\$700,000,000).

“Aggregate Commitment” means the sum of the Commitments, as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof. On the Effective Date, the Aggregate Commitment is Three Hundred Seventy-Five Million Dollars (\$375,000,000).

“Alternate Base Rate” means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on

such day plus ½ of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“Annual Budget” means a budget setting forth detailed quarterly projections of the earnings and expenditures of the Borrower and its Consolidated Subsidiaries.

“Applicable Laws” means all applicable provisions of constitutions, statutes, laws, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of all Governmental Authorities and all orders and decrees of all courts and arbitrators.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

“Applicable Pledge Percentage” means 100%, but (x) 65% in the case of a pledge of Capital Stock of a First Tier Foreign Subsidiary to the extent a 100% pledge would cause a Deemed Dividend Problem or (y) 0% in the case a pledge of Capital Stock of such a Subsidiary would cause a Financial Assistance Problem.

“Applicable Rate” means, for any day, with respect to any ABR Loan or Eurodollar Revolving Loan, or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption “ABR Spread”, “Eurodollar Spread” or “Commitment Fee”, as the case may be, based upon the Total Leverage Ratio as reflected in the then most recently delivered Financials:

<u>Pricing Level:</u>	<u>Total Leverage Ratio:</u>	<u>Commitment Fee:</u>	<u>ABR Spread:</u>	<u>Eurodollar Spread:</u>
Level I	£3.0x	0.300%	0.250%	1.750%
Level II	>3.0x but £3.5x	0.375%	0.500%	2.000%
Level III	>3.5x but £4.0x	0.375%	0.750%	2.250%
Level IV	>4.0x but £4.5x	0.500%	1.000%	2.500%
Level V	>4.5x	0.500%	1.250%	2.750%

For purposes of the foregoing,

(i) if at any time the Borrower fails to deliver the Financials required under Section 5.01(a) or 5.01(b) on or before the date such Financials are due, Pricing Level V shall be deemed applicable for the period commencing five (5) Business Days after such required date of delivery and ending on the date which

is five (5) Business Days after such Financials are actually delivered, after which the Pricing Level shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Pricing Level then in effect shall be effective five (5) Business Days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Pricing Level shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(iii) each determination of the Applicable Rate made by the Administrative Agent in accordance with the foregoing shall, if reasonably determined, be conclusive and binding on the Borrower and each Lender.

Notwithstanding the foregoing, Pricing Level V shall be deemed to be applicable until the Administrative Agent's receipt of the applicable Financials for the period ending on or about December 31, 2004 and adjustments to the Pricing Level then in effect shall thereafter be effected in accordance with the preceding provisions.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Available Cash" means, with respect to the Borrower, for any period:

(a) the sum of:

(1) all cash and cash equivalents of the Borrower and its Subsidiaries on hand at the end of such period; and

(2) all additional cash and cash equivalents of the Borrower and its Subsidiaries on hand on the date of determination of Available Cash for such period resulting from "Working Capital Loans" under, and as defined in, the 5-Year Credit Agreement, made after the end of such period;

(b) less the total amount of any cash reserves that is necessary or appropriate in the reasonable discretion of the Borrower to:

(1) provide for the proper conduct of the business of the Borrower and its Subsidiaries (including reserves for future Capital Expenditures and for future credit needs of the Borrower and its Subsidiaries) after such period;

(2) pay 50% of the interest to be paid on the Loans hereunder and the "Loans" under, and as defined in, the 5-Year Credit Agreement and any Permitted Debt in the next fiscal quarter; and

(3) comply with applicable law or any debt instrument or other agreement or obligation to which the Borrower or any of its Subsidiaries is a party or its assets are subject;

provided, further, that disbursements made by the Borrower or any of its Subsidiaries or cash reserves established, increased or reduced after the end of such period but on or before the date of determination of Available Cash for such period shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such period if the Borrower so determines.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Inergy, L.P., a Delaware limited partnership.

"Borrowing" means Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

"BSA" means all Bank Secrecy Act laws and regulations, as amended.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois and New York, New York are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means expenditures made and liabilities incurred that should, in accordance with GAAP, be classified and accounted for as capital expenditures.

"Capital Lease" means a lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Capital Stock” means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred interest, any limited or general partnership interest and any limited liability company membership interest.

“Change in Control” means (i) the Borrower ceases to own and control 100% of the outstanding Capital Stock of Inergy Propane; (ii) Inergy Holdings ceases to own and control 100% of the outstanding Capital Stock of Inergy GP; (iii) any Person or group of Persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934), other than New Inergy Propane, shall acquire, directly or indirectly, more than 30% of the outstanding Capital Stock of the Borrower; (iv) Inergy GP ceases to be the managing general partner of the Borrower; (v) a majority of the seats on the board of directors (or other applicable governing body) of Inergy GP shall at any time after the Effective Date be occupied by Persons who were not nominated by Inergy GP or Inergy Holdings, by a majority of the board of directors (or other applicable governing body) of Inergy GP or Inergy Holdings or by Persons so nominated; (vi) a majority of the seats on the board of directors (or other applicable governing body) of Inergy Propane shall at any time after the Effective Date be occupied by Persons who were not nominated by Inergy Propane or Inergy Holdings, by a majority of the board of directors (or other applicable governing body) of Inergy Propane or Inergy Holdings or by Persons so nominated; or (vii) any pledgor under any Pledge Agreement shall grant or suffer to exist any Lien on such pledgor’s interest in any Collateral described therein, except in each case for any Permitted Lien.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“Class”, when used in reference to any Loan or Borrowing, refers to such Loan, or the Loans comprising such Borrowing, as Revolving Loans.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means all property and interests in property now owned or hereafter acquired by any Credit Party in or upon which a security interest, lien or mortgage is granted to the Administrative Agent, for the benefit of the Holders of Secured Obligations, whether under the Pledge and Security Agreement, under any of the other Collateral Documents or under any of the other Credit Documents.

“Collateral Documents” means all agreements, instruments and documents executed in connection with this Agreement or the 5-Year Credit Agreement pursuant to which the Administrative Agent is granted a security interest in Collateral, including, without limitation, the Pledge and Security Agreement, the Mortgages and all other security agreements, loan agreements, notes, guarantees, subordination agreements, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, leases, financing statements and all other

written matter whether heretofore, now, or hereafter executed by or on behalf of the Borrower or any of its Subsidiaries and delivered to the Administrative Agent or any of the Lenders, together with all agreements and documents referred to therein or contemplated thereby.

“Collateral Release Event” is defined in Section 5.10.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Revolving Loans, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender’s Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

“Consolidated” means the consolidation of accounts in accordance with GAAP.

“Consolidated EBITDA” means, with respect to the Borrower and its Consolidated Subsidiaries for any period, an amount equal to: (i) net income for such period, plus (ii) amounts deducted in the computation thereof for (a) interest expense, (b) federal, state and local income taxes, and (c) depreciation and amortization, plus or minus, as the case may be, (iii) gains or losses from the sale of assets in the ordinary course of business, and plus or minus, as the case may be, (iv) extraordinary non-cash gains or losses for such period; provided, that for the purposes of determining Consolidated EBITDA for any period during which a Permitted Acquisition is consummated, Consolidated EBITDA shall be adjusted in a manner reasonably satisfactory to the Administrative Agent to give effect to the consummation of such Permitted Acquisition on a pro forma basis, as if such Permitted Acquisition occurred on the first day of such period.

“Consolidated Interest Expense” means, with respect to the Borrower and its Consolidated Subsidiaries, for any period, an amount equal to (i) all interest in respect of Debt accrued during such period (whether or not actually paid during such period), plus (ii) the net amount payable (or minus the net amount receivable) under interest rate Hedging Agreements accrued during such period (whether or not actually paid or received during such period) plus (iii) on a pro-forma basis, the sum of all interest accrued relating to Debt incurred in connection with any Permitted Acquisition calculated in a manner reasonably satisfactory to the Administrative Agent, excluding in each case up front financing fees payable in connection with the consummation of the transactions contemplated hereby.

“Consolidated Subsidiary” means for any Person, each Subsidiary of such Person (whether existing on the Effective Date or thereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

“Consolidated Total Assets” means, as of the date of any determination thereof, total assets of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Controlled Subsidiary” means a direct or indirect Subsidiary of the Borrower and with respect to which the Borrower owns not less than fifty-one percent (51%) of the voting equity interests of such Subsidiary.

“Co-Syndication Agent” means each of Lehman Commercial Paper Inc. and Wachovia Bank, National Association in its capacity as co-syndication agent for the credit facility evidenced by this Agreement.

“Credit Documents” means this Agreement, the 5-Year Credit Agreement, any promissory notes executed and delivered pursuant to Section 2.10(e), the Subsidiary Guaranty, the Collateral Documents and any and all other instruments and documents executed and delivered in connection with any of the foregoing.

“Credit Parties” means, collectively, the Borrower and the Subsidiary Guarantors.

“Debt” means, with respect to any Person, without duplication (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind (including repurchase obligations, but not including customer deposits), (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments or letters of credit in support of bonds, notes, debentures or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under any conditional sale or other title retention agreement relating to property purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (including, without duplication, obligations under a non-compete or similar agreement) to the extent such obligations are reportable under GAAP, (f) all obligations of such Person as lessee under Capital Leases of such Person or leases of such Person for which such Person retains tax ownership of the property subject to a lease, (g) all obligations of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (h) all Guaranties of such Person, (i) all obligations of such Person with respect to interest rate protection agreements (including, without limitation, interest rate Hedging Agreements) or foreign currency exchange agreements (valued at the termination value thereof computed in accordance with a method approved by the International Swap Dealers Association and agreed to by such Person in the applicable Hedging Agreement, if any), (j) all obligations of such Person as an account party in respect of letters of credit (1) securing Debt (other than letters of credit obtained in the ordinary course of business and consistent with past practices) or (2) obtained for any purpose not in the ordinary course of business or not consistent with past practices, (k) all obligations of such Person in respect of bankers’ acceptances and (l) all current liabilities in respect of unfunded vested benefits under a Pension Plan covered by ERISA; provided that accrued expenses and accounts payable incurred in the ordinary course of business shall not constitute Debt. The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general

partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor.

"Deemed Dividend Problem" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary's accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary under Section 956 of the Code and the effect of such repatriation causing materially adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Documentation Agent" means Fleet National Bank in its capacity as documentation agent for the credit facility evidenced by this Agreement.

"dollars" or "\$" refers to lawful money of the United States of America.

"Domestic Subsidiary." means a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means any and all federal, state and local laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of human health (including, but not limited to employee health and safety) or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Eurodollar”, when used in reference to any Loan or Borrowing, refers to such Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“Event of Default” has the meaning assigned to such term in Article VII.

“Excluded Subsidiary” means Inergy Canada Corporation, a Canadian ULC, so long as such Subsidiary meets all of the following conditions: (i) the Borrower’s and its other Subsidiaries’ investments in and advances to such Subsidiary are less than \$5,000,000; (ii) the fair market value of the assets of such Subsidiary totals less than \$1,000,000 (as determined by the Borrower in good faith); and (iii) EBITDA (as defined below) from such Subsidiary is less than \$1,000,000 per annum. For the purposes of this definition, “EBITDA” means, with respect to such Subsidiary, for any period, an amount equal to: (1) net income for such period, plus (2) amounts deducted in the computation thereof for (a) interest expense, (b) federal, state, provincial and local income taxes, and (c) depreciation and amortization, plus or minus, as the case may be, (3) gains or losses from the sale of assets in the ordinary course of business, and plus or minus, as the case may be, (4) extraordinary non-cash gains or losses for such period.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located or

the jurisdiction of any Lender's applicable lending office and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.17(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on a Foreign Lender as a result of a Change in Law or regulation or interpretation thereof occurring after the time such Foreign Lender became a party to this Agreement shall not be an Excluded Tax).

"Existing Credit Agreement" means that certain Sixth Amended and Restated Credit Agreement dated as of May 27, 2004 by and among Energy Propane, the lenders party thereto and Wachovia Bank, National Association as administrative agent, as the same has been amended, supplemented or otherwise modified from time to time prior to the Effective Date.

"Existing Senior Debt" means the Debt of the Credit Parties under the Existing Credit Agreement and the loan documents executed in connection therewith.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Assistance Problem" means, with respect to any Foreign Subsidiary, the inability of such Foreign Subsidiary to become a Subsidiary Guarantor or to permit its Capital Stock from being pledged pursuant to a Pledge Agreement on account of legal or financial limitations imposed by the jurisdiction of organization of such Foreign Subsidiary or other relevant jurisdictions having authority over such Foreign Subsidiary.

"Financial Officer" means, as to any Person, the president, chief financial officer or controller of such Person.

"First Tier Foreign Subsidiary" means each Foreign Subsidiary with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns or controls more than 50% of such Foreign Subsidiary's Capital Stock.

"Fiscal Year" means the 52-week fiscal year of any Person ending September 30 of each calendar year.

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Borrower required to be delivered pursuant to Section 5.01(a) or 5.01(b).

“5-Year Credit Agreement” means that certain 5-Year Credit Agreement dated as of the Effective Date by and among the Borrower, the lenders party thereto and the Administrative Agent, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Approvals” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

“Governmental Authorities” means any nation, province, state or political subdivision thereof, and any government or any Person exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guaranty” by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “*primary obligor*”) (excluding endorsements of checks for collection or deposit in the ordinary course of business) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or

former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Hedging Agreement.

“Holders of Secured Obligations” means the holders of the Obligations and the holders of the “Obligations” under the 5-Year Credit Agreement, in each case from time to time and shall include (i) each Lender in respect of its Loans and each lender under the 5-Year Credit Agreement in respect of its “Loans” and “LC Exposure” thereunder, (ii) the Administrative Agent, the Lenders and the lenders under the 5-Year Credit Agreement in respect of all other present and future obligations and liabilities of the Borrower and each Subsidiary of every type and description arising under or in connection with the Credit Agreement, the 5-Year Credit Agreement or any other Credit Document, (iii) each Lender, each affiliate of such Lender, each lender under the 5-Year Credit Agreement and each affiliate of such lender, in each case in respect of Hedging Agreements entered into with such Person by the Borrower or any Subsidiary, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of the Borrower to such Person hereunder and under the other Credit Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Energy GP” means Energy GP, LLC, a Delaware limited liability company.

“Energy Holdings” means Energy Holdings, LLC, a Delaware limited liability company.

“Energy Propane” means Energy Propane, LLC, a Delaware limited liability company.

“Information Memorandum” means the Confidential Information Memorandum dated November 2004 relating to the Borrower and the Transactions.

“Interest Coverage Ratio” means, at any time, the ratio of (i) Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries to (ii) Consolidated Interest Expense of the Borrower and its Consolidated Subsidiaries, in each case for the four fiscal quarters then most recently ended.

“Interest Election Request” means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period.

“Interest Period” means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six (or with the consent of each Lender, nine or

twelve months) thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Investment” means, as applied to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person and any other item which would be classified as an “investment” on a balance sheet of such Person prepared in accordance with GAAP, including without limitation any direct or indirect contribution by such Person of property or assets to a joint venture, partnership or other business entity in which such Person retains an interest (it being understood that a direct or indirect purchase or other acquisition by such Person of assets of any other Person (other than stock or other securities) shall not constitute an “Investment” for purposes of this Agreement).

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$3,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“Lien” means any mortgage, deed of trust, pledge security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement, charge or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the

foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction to evidence any of the foregoing).

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations, prospects or financial condition of the Borrower and the Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement and the other Credit Documents.

“Material Debt” means Debt (other than the Loans and the “Loans” and “Letters of Credit” under the 5-Year Credit Agreement), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding \$5,000,000. For purposes of determining Material Debt, the “principal amount” of the obligations of the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

“Material Subsidiary” means any Subsidiary (i) which, as of the most recent fiscal quarter of the Borrower for the period of four consecutive fiscal quarters then ended, contributes greater than three percent (3%) of the Borrower’s Consolidated EBITDA for such period or (ii) the consolidated total assets of which as of the end of such fiscal quarter were greater than three percent (3%) of the Borrower’s Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of the Consolidated EBITDA contributed by, or consolidated total assets of, all Subsidiaries that are not Material Subsidiaries exceeds five percent (5%) of the Borrower’s Consolidated EBITDA for any such period or five percent (5%) of the Borrower’s Consolidated Total Assets as of the end of any such fiscal quarter, the Borrower (or, in the event the Borrower has failed to do so within ten days, the Administrative Agent) shall designate sufficient Subsidiaries as “Material Subsidiaries” to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Subsidiaries.

“Maturity Date” means December 17, 2005.

“Midstream Business” means the business of storage, processing, marketing and/or transmission of gas, oil or products thereof, including, without limitation, owning and operating pipelines, storage facilities, processing plants and facilities and gathering systems, and other assets related thereto.

“Moody’s” means Moody’s Investors Service, Inc.

“Mortgage” means each of those certain mortgages and deeds of trust entered into by the Credit Parties pursuant hereto or in connection herewith, in each case as amended, restated, supplemented or otherwise modified from time to time.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“New Inergy Propane, LLC” means New Inergy Propane, LLC, a Delaware limited liability company.

“Obligations” means all Loans, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower or any Subsidiary Guarantor to the Administrative Agent, any Lender, any Affiliate of the Administrative Agent or any Lender, or any indemnified Person hereunder, of any kind or nature, present or future, arising under this Agreement, the Subsidiary Guaranty, any Collateral Document, any Hedging Agreement (to the extent such Hedging Agreement is with a Lender or its Affiliate) or any other Credit Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, reasonable attorneys’ fees and disbursements, reasonable paralegals’ fees (in each case whether or not allowed), and any other sum chargeable to the Borrower or any Subsidiary Guarantor under this Agreement or any other Credit Document.

“Organic Documents” means, relative to any Credit Party, its partnership agreement, limited liability company or operating agreement, bylaws, certificate or articles of partnership, certificate or articles of formation, certificate or articles of incorporation and other like documents, and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of Capital Stock or other equity interests.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies (other than Excluded Taxes) arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant” has the meaning set forth in Section 9.04.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means an acquisition (or series of related acquisitions) by the Borrower or any Subsidiary Guarantor of all or any part of the assets of another Person (such assets being referred to herein as the “Target Assets”) or of at least fifty-one percent (51%) of the voting equity interests of another Person (such Person, together with any and all Subsidiaries of such Person, being referred to herein as the “Target”) in each case made in compliance with all of the following terms and conditions:

- (1) the Target is in, or the Target Assets are employed in, the same line of business as the Borrower, or in any Midstream Business;

(2) in the case of an equity acquisition, the Target is (or, immediately after giving effect to such acquisition, will be) a Controlled Subsidiary of the Borrower (or, in the case of an equity acquisition in the form of a merger, (a) the Target is merged with and into the Borrower or a Controlled Subsidiary, with the Borrower or such Controlled Subsidiary, as the case may be, being the surviving entity, or (b) the Target is merged with and into a Controlled Subsidiary with the Target being the surviving entity, provided that such surviving entity qualifies as a Controlled Subsidiary);

(3) no Default or Event of Default exists at the time of the acquisition or would result therefrom;

(4) unless the Borrower demonstrates to the reasonable satisfaction of the Administrative Agent that the Total Leverage Ratio (adjusted in a manner reasonably acceptable to the Administrative Agent to give effect to such acquisition on a pro forma basis) would not exceed 3.5 to 1.0, the purchase price (including assumed Debt) of any Target or Target Assets shall not exceed \$100,000,000. Any acquisition in excess of the individual purchase price limitation set forth above shall be subject to the prior written consent of the Required Lenders, which consent shall not be unreasonably withheld, conditioned or delayed;

(5) within a reasonable time prior to such acquisition, the Administrative Agent (and any Lender, upon request) shall have received a complete copy of the executed purchase agreement (or, in the event that the purchase agreement is not being executed until closing, then a substantially complete unexecuted version of the purchase agreement, with the complete copy of the executed purchase agreement to follow promptly upon closing of such acquisition) for the applicable Target or Target Assets, a breakdown of the purchase price for such acquisition, a detailed schedule of assets being acquired and values reasonably assigned to such assets at the time of such acquisition, the anticipated amount to be borrowed under the "Acquisition Commitments" under the 5-Year Credit Agreement and such other information related to such acquisition as the Administrative Agent shall reasonably request;

(6) within 90 days (or such later date as is agreed to by the Administrative Agent after the consummation of such acquisition), the Administrative Agent shall have (or shall have received, as the case may be), subject to Article VIII:

(a) in the case of an asset acquisition, with respect to the Target Assets, a perfected Lien on (1) such fee-owned real properties as constitute at least seventy-five percent (75%) of the aggregate market value of the fee-owned real properties included in the Target Assets, as determined by the Administrative Agent in its reasonable discretion, (2) such motor vehicles as constitute at least seventy-five percent (75%) of the aggregate market value of the motor vehicles included in the Target Assets, as determined by the Administrative Agent in its reasonable discretion, (3) all other material personal property assets included in the Target Assets (to the extent that (a) a Lien can be perfected thereon by the filing of UCC financing statements in the appropriate jurisdictions, and (b) if

required by the Administrative Agent, a Lien can be perfected thereon by possession or other methods under the UCC), all subject to no other Lien other than Permitted Liens (and, in connection therewith, the Borrower shall have submitted to the Administrative Agent a revised Schedule 5.10 to this Agreement reflecting the location of the Collateral, inclusive of Target Assets on which the Administrative Agent has a perfected Lien);

(b) in the case of an equity acquisition, (i) a Guaranty from the Target in form and substance reasonably satisfactory to the Administrative Agent, pursuant to which such Target guarantees, in favor of the Administrative Agent, the payment and performance of all Obligations, (ii) a perfected Lien on (1) such fee-owned real properties as constitute at least seventy-five percent (75%) of the aggregate market value of all existing fee-owned real properties of the Target, as determined by the Administrative Agent in its reasonable discretion, (2) such motor vehicles as constitute at least seventy-five percent (75%) of the aggregate market value of all existing motor vehicles of the Target, as determined by the Administrative Agent in its reasonable discretion, (3) all other material existing personal property assets of the Target (to the extent that (a) a Lien can be perfected thereon by the filing of UCC financing statements in the appropriate jurisdictions, and (b) if required by the Administrative Agent, a Lien can be perfected thereon by possession or other methods under the UCC), all subject to no other Lien other than Permitted Liens (and, in connection therewith, the Borrower shall have submitted to the Administrative Agent a revised Schedule 5.10 to this Agreement reflecting the location of the Collateral, inclusive of such assets of the Target on which the Administrative Agent has a perfected Lien), (iii) a Lien on all of the existing and future equity interests in the Target, subject to no other Lien other than Permitted Liens, and (iv) the Borrower shall have submitted to the Administrative Agent a revised Schedule 3.01 to this Agreement reflecting the ownership structure of the Borrower and its Subsidiaries;

(c) if any Target Assets (or any assets of the Target) consist of fee-owned real properties, then, with respect to such fee-owned real properties as constitute at least seventy-five percent (75%) of the aggregate market value of the fee-owned real properties included in the Target Assets and other assets of the Target, as determined by the Administrative Agent in its reasonable discretion, at no expense to the Administrative Agent a mortgage, deed of trust or deed to secure debt, as applicable, satisfactory to the Administrative Agent and granting the Administrative Agent a perfected Lien on each such fee interest; and

(d) such UCC financing statements, loan and security agreements and other documents (including, without limitation, opinions of counsel to the Borrower and the Target regarding, among other things, the authority of the Target to guarantee the Obligations and to grant Liens) as the Administrative Agent may reasonably request in connection with the conditions set forth in this subpart (6);

(7) the Borrower shall have paid all reasonable costs and expenses incurred by the Administrative Agent and its counsel in connection with such acquisition, including, without limitation, all such costs and expenses incurred to satisfy the conditions set forth in subpart (6) above; and

(8) the Administrative Agent shall have received such other assurances and documentation as the Administrative Agent may reasonably request from time to time in connection with the acquisition and the conditions set forth above.

Notwithstanding anything to the contrary set forth above, subject to Article VIII, the conditions set forth in subpart (6) shall not apply to the acquisition of Target Assets (whether acquired in one or more related or unrelated transactions) to the extent that the aggregate purchase price of such Target Assets does not exceed \$10,000,000.

“Permitted Debt” means:

(1) Debt under this Agreement (including, Guaranties of Debt under this Agreement), Debt under the 5-Year Credit Agreement (including, Guaranties of Debt under the 5-Year Credit Agreement) and Debt under the Existing Credit Agreement on or prior to the Effective Date;

(2) Permitted Junior Debt and Guaranties of Permitted Junior Debt;

(3) Debt of any Credit Party to any other Credit Party;

(4) Debt of the type described in clause (i) of the definition “Debt,” provided such Debt is incurred in connection with interest rate protection agreements (including, Hedging Agreements) covering the floating rate portion of the Obligations under this Agreement;

(5) Other Debt in existence on the Effective Date and set forth on Schedule 6.01 hereto and refinancings or renewals thereof; *provided* that any such refinancing Debt is of the same type, of the same tenor, and in an aggregate principal amount not greater than the aggregate principal amount of the Debt being renewed or refinanced, *plus* the amount of any premiums required to be paid thereon and reasonable fees and expenses associated therewith,

(6) Guaranties of Debt otherwise permitted under this definition;

(7) Debt arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(8) Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of incurrence;

(9) Other Debt, provided that the aggregate outstanding principal amount of such Debt (with respect to all Credit Parties) does not exceed \$20,000,000 at any time; and

(10) Other Debt approved in advance by the Administrative Agent and the Required Lenders in writing.

“Permitted Junior Debt” means (1) (i) the Senior Unsecured Notes so long as the Debt thereunder is incurred on terms and conditions satisfactory to the Administrative Agent and (ii) other Debt which is issued on terms and conditions substantially similar to the terms and conditions applicable to the Senior Unsecured Notes and the indenture entered into in connection therewith (it being agreed that changes in the rate, tenor or maturity (other than changes in maturity which would provide for or cause such Debt to mature within six months after the Effective Date) shall not cause such Debt to not be on substantially similar terms) and (2) the aggregate Debt of the Borrower and the Borrower’s Subsidiaries, which is either unsecured Debt, or second Lien Debt that is subordinated to the Obligations pursuant to the terms of a Subordination Agreement. Permitted Junior Debt may be incurred only so long as each of the following conditions are satisfied: (i) at the time of the incurrence of such Debt (a) no Default or Event of Default has occurred and is continuing (or would result from the incurrence of such Debt), and (b) the Total Leverage Ratio is less than the maximum Total Leverage Ratio permitted under Section 6.12(a) at such time, calculated on a pro forma basis; (ii) such Debt shall not mature, and no installments of principal shall be due and payable on such Debt, prior to the Termination Date; and (iii) other than in connection with the Senior Unsecured Notes and the other Debt described in clause (1)(ii) of the preceding sentence, such Debt shall not be incurred upon covenants more restrictive than those set forth in this Agreement.

“Permitted Junior Debt Documents” means any document, agreement or instrument evidencing any Permitted Junior Debt or entered into in connection with any Permitted Junior Debt.

“Permitted Liens” means any of the following:

(1) Liens for taxes, assessments or governmental charges not delinquent or being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP are maintained on the books of the Borrower or relevant Subsidiary;

(2) Liens arising out of deposits in connection with workers’ compensation, unemployment insurance, old age pensions or other social security or retirement benefits legislation;

(3) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds, and

other obligations of like nature arising in the ordinary course of the business of the Borrower or relevant Subsidiary;

(4) Liens imposed by law, such as mechanics', workers', materialmen's, carriers' or other like liens (excluding, however, any statutory or other Lien in favor of a landlord under a written or oral lease) arising in the ordinary course of the Borrower's business which secure the payment of obligations which are not past due or which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP are maintained on the books of the Borrower or the relevant Subsidiary;

(5) rights of way, zoning restrictions, easements and similar encumbrances affecting the Borrower's real property which do not materially interfere with the use of such property;

(6) Liens in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations;

(7) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by the Borrower or any Subsidiary, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;

(8) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any Subsidiary in the ordinary course of business in accordance with past practice;

(9) Liens arising out of judgments, attachments or awards not resulting in a Default and in respect of which the Borrower or such Subsidiary shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall be secured a subsisting stay of execution pending such appeal or proceedings;

(10) Liens existing on the Effective Date and listed on Schedule 6.02 and any renewals or extensions thereof, provided that the property and Debt covered thereby is not increased;

(11) second Liens securing Permitted Junior Debt that is subordinated to the Obligations pursuant to the terms of a Subordination Agreement; and

(12) purchase money security interests for the purchase of equipment to be used in the Borrower's or any of its Subsidiaries' business, encumbering only the equipment so purchased, and which secures only the purchase-money Debt incurred to acquire the equipment so purchased and which Debt qualifies as Permitted Debt.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Pledge Agreements” means the pledge agreements, share mortgages, charges and comparable instruments and documents from time to time executed pursuant to the terms hereof in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations as amended, restated, supplemented or otherwise modified from time to time.

“Pledge and Security Agreement” means that certain Pledge and Security Agreement, dated as of the Effective Date, by and between the Credit Parties and the Administrative Agent for the benefit of the Holders of Secured Obligations, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

“Pledge Subsidiary” means each Domestic Subsidiary and First Tier Foreign Subsidiary.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Register” has the meaning set forth in Section 9.04.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Required Lenders” means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

“Revolving Credit Exposure” means, with respect to any Lender at any time, the outstanding principal amount of such Lender’s Revolving Loans.

“Revolving Loan” means a Loan made pursuant to Section 2.03.

“Risk Management Policy” means that certain Trading and Risk Management Policy dated October 1, 2002 of Inergy Propane and its Subsidiaries, as the same may be amended from time to time and adopted by the Board of Directors of Inergy Propane; provided that a copy of each amendment shall be delivered to the Administrative Agent prior to the effective date thereof.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Senior Secured Funded Debt” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the total amount of secured Debt at such time, whether such Debt is matured, unmatured, absolute, contingent or otherwise minus the aggregate outstanding principal amount at such time of such secured Debt which is Permitted Junior Debt.

“Senior Secured Leverage Ratio” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the ratio of (i) Senior Secured Funded Debt (other than Debt under clause (i) of the definition of “Debt”), at such time, to (ii) Consolidated EBITDA for the four fiscal quarters most recently ended. For purposes of calculating Senior Secured Leverage Ratio of the Borrower and its Consolidated Subsidiaries, Senior Secured Funded Debt shall not include any outstanding “Working Capital Loans” or “Swingline Loans” (as each such term is defined in the 5-Year Credit Agreement) if the Borrower is in compliance with Section 2.11(b)(ii) of the 5-Year Credit Agreement.

“Senior Unsecured Notes” means the \$425,000,000 of 6.875% Senior Notes of the Borrower and Inergy Finance Corp. due December 15, 2014 issued pursuant to that certain Indenture dated as of December 22, 2004 between the Borrower and Inergy Finance Corp., as issuers, certain subsidiaries of the Borrower, as guarantors, and U.S. Bank National Association, as trustee.

“Solvent” means, with respect to any Person, that such Person (a) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is able to pay its debts as they mature, (b) owns property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its probable liabilities (including contingencies), and (c) does not believe that it will incur debts or liabilities beyond its ability to pay such debts or liabilities as they mature.

“Star Gas Acquisition” means the acquisition by the Borrower and Inergy Propane of substantially all of the Star Gas Acquired Business.

“Star Gas Acquired Business” means the propane business of Star Gas Partners, L.P. and Star Gas LLC pursuant to the Star Gas Acquisition Agreement.

“Star Gas Acquisition Agreement” means that certain Interest Purchase Agreement dated as of November 18, 2004 entered into by and among Star Gas Partners, L.P., Star Gas LLC, Inergy Propane and the Borrower.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject, with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve

requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subordination Agreement” means a subordination agreement between the Administrative Agent (on behalf of itself and the Lenders) and the holders of any second Lien Permitted Junior Debt, in form and substance satisfactory to the Administrative Agent and the Required Lenders, pursuant to which such second Lien Permitted Junior Debt is subordinated to the Obligations, with only such modifications as are approved by the Administrative Agent and the Required Lenders.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Borrower.

“Subsidiary Guarantor” means each Subsidiary (other than the Excluded Subsidiary and any other Foreign Subsidiary to the extent that designation of such Foreign Subsidiary as a Subsidiary Guarantor would (a) be prohibited by applicable law or (b) cause a Deemed Dividend Problem - each such Foreign Subsidiary, an “Affected Foreign Subsidiary”). The Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.01 hereto.

“Subsidiary Guaranty” means that certain Guaranty dated as of the Effective Date (and any and all supplements thereto) executed by each Subsidiary Guarantor and, in the case of any guaranty by a Foreign Subsidiary, any other guaranty agreements as are requested by the Administrative Agent and its counsel, in each case as amended, restated, supplemented or otherwise modified from time to time.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Total Funded Debt” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the total amount of Debt at such time, whether such Debt is matured, unmatured, absolute, contingent or otherwise.

“Total Leverage Ratio” means, with respect to the Borrower and its Consolidated Subsidiaries at any time, the ratio of (i) Total Funded Debt (other than Debt under clause (i) of the definition of “Debt”), at such time, to (ii) Consolidated EBITDA for the four fiscal quarters most recently ended. For purposes of calculating Total Leverage Ratio of the Borrower and its

Consolidated Subsidiaries under Section 6.12(a), Total Funded Debt shall not include any outstanding “Working Capital Loans” or “Swingline Loans” (as each such term is defined in the 5-Year Credit Agreement) if the Borrower is in compliance with Section 2.11(b)(ii) of the 5-Year Credit Agreement.

“Transactions” means the execution, delivery and performance by the Credit Parties of this Agreement and the other Credit Documents, the borrowing of Loans and the use of the proceeds thereof.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“UCC” means the Uniform Commercial Code as in effect in the State of New York, as amended or modified from time to time.

“United States” means the United States of America.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan”) or by Type (e.g., a “Eurodollar Loan”) or by Class and Type (e.g., a “Eurodollar Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “Eurodollar Borrowing”) or by Class and Type (e.g., a “Eurodollar Revolving Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment and (b) the sum of the total Revolving Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$3,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$500,000 and not less than \$3,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one Type and Class may be outstanding at the same time; provided that

there shall not at any time be more than a total of eight (8) Eurodollar Revolving Borrowings outstanding in the aggregate.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Chicago, Illinois time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., Chicago, Illinois time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Intentionally Omitted.

SECTION 2.05. Intentionally Omitted.

SECTION 2.06. Intentionally Omitted.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Chicago, Illinois time, to the account of the Administrative Agent

most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Chicago, Illinois or such other account, in each case, as is designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to

be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$5,000,000 and not less than \$5,000,000 and (ii) the Borrower shall not terminate or reduce the applicable Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the sum of the Revolving Credit Exposures would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments

delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall, absent manifest error, be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a single promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by a promissory note in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans.

(a) Voluntary Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice as follows: the Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., Chicago, Illinois time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than

11:00 a.m., Chicago, Illinois time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Each such prepayment shall be accompanied by (x) accrued interest to the extent required by Section 2.13, (y) any amount required to be paid pursuant to Section 2.16 and (z) a reduction in like amount of the Commitments.

(b) Mandatory Prepayments.

(i) Excess Loans. If at any time (x) the outstanding principal amount of all Loans exceeds the sum of the Commitments, the Borrower shall repay immediately upon notice from the Administrative Agent, by payment to the Administrative Agent for the account of the Lenders, the Loans in an amount equal to such excess. Each such repayment shall be accompanied by any amount required to be paid pursuant to Section 2.16.

(ii) Intentionally Omitted.

(iii) Asset Dispositions. If the Borrower or any of its Subsidiaries sells or otherwise disposes of any assets (other than the sale of inventory and motor vehicles in the ordinary course of the Borrower's business, sales of assets between Credit Parties and the sale or disposition of obsolete or worn-out equipment), or if any Collateral or other assets of the Borrower or its Subsidiaries is taken by condemnation or other governmental taking, then in each case the Borrower shall pay to the Administrative Agent for the account of the Lenders and the lenders under the 5-Year Credit Agreement, as a mandatory prepayment of the Loans and the loans under the 5-Year Credit Agreement (in the manner set forth in clause (v) below), a sum equal to the Applicable Prepayment Percentage of the net proceeds received by the Borrower or Subsidiary from such sale or condemnation; provided, however, that (i) the Borrower shall not be obligated to remit the first Applicable Retention Amount of any such proceeds received in any Fiscal Year, and (ii) the Borrower shall not be obligated to remit any such proceeds to the Administrative Agent if, prior to such sale or condemnation, the Borrower gives the Administrative Agent written notice that the Borrower intends to use such proceeds to purchase replacement assets of a similar type within sixty (60) days thereafter (such notice to specify in reasonable detail the nature and specifics of such replacement purchase) and such proceeds are in fact used within such time period to purchase such replacement assets. As used herein, (A) "Applicable Prepayment Percentage" means (i) 100% until the Aggregate Combined Commitment shall have been reduced (other than pursuant to Article VII) to an amount equal to or less than \$325,000,000 and (ii) 50% thereafter and (B) "Applicable Retention Amount" means (i) \$10,000,000 until the Aggregate Combined Commitment shall have been reduced (other

than pursuant to Article VII) to an amount equal to or less than \$325,000,000 and (ii) \$50,000,000 thereafter.

(iv) Issuance of Debt or Equity. Unless the Aggregate Combined Commitment has been reduced to an amount equal to or less than \$325,000,000, in the event the Borrower, any of its Subsidiaries or any special purpose financing vehicle established by any of them (i) incurs any Debt (other than (1) refinancing Debt set forth on Schedule 6.01 hereto and existing on the Effective Date of the same type and in an amount not to exceed such existing Debt, and (2) Debt that complies with the requirements of subparts (6) or (7) of the definition of Permitted Debt, or (ii) issues any Capital Stock (other than Capital Stock issued in connection with the exercise of stock options in the ordinary course of business and consistent with past practices), after the Effective Date, then, in any such case, the Borrower shall pay to the Administrative Agent for the account of the Lenders and the lenders under the 5-Year Credit Agreement, unless otherwise agreed by the Required Lenders, as a mandatory prepayment of the Loans and the loans under the 5-Year Credit Agreement (in the manner set forth in clause (v) below), a sum equal to the net cash proceeds received by the Borrower therefrom.

(v) Order of Application of Mandatory Prepayments. Any prepayment pursuant to Sections 2.11(b)(iii) or (iv) shall be applied first to the outstanding principal balance of the Loans under this Agreement, and, upon payment in full thereof, then to the outstanding principal balance of the "Loans" under, and as defined in, the 5-Year Credit Agreement. Each such prepayment shall be accompanied by (x) accrued interest to the extent required by Section 2.13, (y) any amount required to be paid pursuant to Section 2.16 and (z) a reduction in like amount of the Commitments.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the daily unused amount of the Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Intentionally Omitted.

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant

to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith) or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or

Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability, together with evidence of such payment, delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent or a Lender reasonably determines that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon Chicago, Illinois time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been

received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its main office at Chicago, Illinois, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such

amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Ownership. Each Credit Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, has the power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and is duly qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization, except where the failure to so qualify would not have a Material Adverse Effect. The jurisdictions of formation and the jurisdictions in which the Borrower and each Subsidiary of the Borrower is organized and qualified to do business are described on Schedule 3.01 hereto (as supplemented from time to time). The parties acknowledge that in connection with the Star Gas Acquisition, Star Gas, L.P. is converting to a Delaware limited liability company and changing its name to Inergy Gas, LLC and Stellar Propane Service Corp. is merging into Stellar Propane Service, LLC, a Delaware limited liability company. To the extent that the conversion and/or the merger affects the qualification of such entities, the Borrower will promptly take such action as is necessary to comply with Section 5.03. The capitalization of the Borrower and each Subsidiary of the Borrower consists of the Capital Stock, authorized, issued and outstanding, of such classes and series, with or without par value, described on Schedule 3.01 hereto. All such outstanding Capital Stock has been duly authorized and validly issued and are fully paid and nonassessable. The owners of the Capital Stock of the Borrower and each Subsidiary of the Borrower and the percentage of Capital Stock owned by each are described on Schedule 3.01 hereto.

SECTION 3.02. Authorization; Enforceability. Each of the Credit Parties has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement and each of the other Credit Documents to which it is a party in accordance with their respective terms. This Agreement and each of the other Credit Documents have been duly executed and delivered by the duly authorized officers of each Credit Party thereto, and each such Credit Document constitutes the legal, valid and binding obligation of the Credit Party thereto, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

SECTION 3.03. Governmental Approvals; No Conflicts. The execution, delivery and performance by the Credit Parties of the Credit Documents to which each such Person is a party, in accordance with their respective terms, the borrowings hereunder and the transactions contemplated hereby and under the other Credit Documents do not and will not, by the passage of time, the giving of notice or otherwise, (i) require any Governmental Approval or violate any Applicable Law relating to any Credit Party, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of any Credit Party or any indenture, material agreement or other material instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval

relating to such Person, or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under the Credit Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The audited consolidated balance sheets of the Borrower and its Consolidated Subsidiaries as of September 30, 2004, and the related statements of income and retained earnings and cash flows for the Fiscal Year then ended, copies of which have been furnished to the Administrative Agent and each Lender, fairly present in all material respects the assets, liabilities and financial position of the Borrower and its Consolidated Subsidiaries as of such dates, and the results of the operations and changes of financial position for the periods then ended in accordance with GAAP. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP. The Borrower and its Subsidiaries have no Debt, obligation or other unusual forward or long-term commitment which is not fairly reflected in the foregoing financial statements or in the notes thereto.

(b) Since September 30, 2004, there has been no material adverse change in the business, assets, operations, prospects or financial condition of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each Credit Party has good and defensible title to all assets and other property purported to be owned by it, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. Set forth on Part 1 of Schedule 3.05 hereto is a complete list by Credit Party of each parcel of real property by street address owned or leased by a Credit Party, as of the date of the most recent update to such Schedule delivered by the Borrower with the officer's compliance certificate pursuant to Section 5.01. Set forth on Part 2 of Schedule 3.05 hereto is a complete list by Credit Party of all motor vehicles owned by a Credit Party, as of the date of the most recent update to such Schedule delivered by the Borrower with the officer's compliance certificate pursuant to Section 5.01. None of the properties and assets of the Credit Parties is subject to any Lien, except Permitted Liens. Except as permitted hereunder, the Administrative Agent, for the benefit of the Holders of Secured Obligations, has a perfected first priority Lien on all of the Collateral subject to no other Liens except for Permitted Liens.

(b) Each Credit Party owns or possesses rights to use all franchises, licenses, copyrights, copyright applications, patents, patent rights or licenses, patent applications, trademarks, trademark rights, trade names, trade name rights, copyrights and rights with respect to the foregoing which are required to conduct its business, except where the failure to own or possess any such right could not reasonably be expected to result in a Material Adverse Effect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and no Credit Party is liable to any Person for infringement under Applicable Law with respect to any such rights as a result of its business operations, except where the loss of any such right or the liability for any such infringement could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation, Contingent Obligations, Labor and Environmental Matters. (a) There are no actions, suits or proceedings pending nor, to the knowledge of the

Borrower, threatened against or in any other way relating adversely to or affecting any Credit Party or any Credit Party's respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority, except for actions, suits or proceedings that, if adversely determined, could, individually or in the aggregate, not reasonably be expected to result in a Material Adverse Effect.

(b) There are no pending, or to the knowledge of the Borrower, threatened, material strikes, material work stoppages, material unfair labor practice claims, or other material labor disputes against or affecting any Credit Party or ERISA Affiliate or their respective employees; provided, however, that if any such event is pending, or to the knowledge of the Borrower, threatened, then the Borrower shall provide prompt written notice of the specifics of such event to the Administrative Agent, and the Administrative Agent, in its reasonable discretion, may waive such representation and warranty as it relates to such event. The hours worked and payments made to employees of each Credit Party and ERISA Affiliate have not been in violation of the Fair Labor Standards Act or any other Applicable Law dealing with such matters except for violations that either alone or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. All material payments due from a Credit Party, or for which any claim may be made against a Credit Party, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the applicable Credit Party, in compliance with GAAP.

(c) Each Credit Party has complied in all respects with all Environmental Laws except for violations that either alone or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. No Credit Party manages or handles any hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants referred to in or regulated by Environmental Laws in violation of such laws or of any other applicable law where such violation could reasonably be expected to result, individually or together with other violations, in a Material Adverse Effect. There are no outstanding or threatened citations, notices or orders of non-compliance issued to any Credit Party or relating to its facilities, leaseholds, assets or other property that either alone or in the aggregate could reasonably be expected to result in a Material Adverse Effect. Each Credit Party has been issued all licenses, certificates, permits or other authorizations required under any Environmental Law or by any federal, state or local governmental or quasi-governmental entity, except where the failure to have such licenses, certificates, permits or other authorizations either individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. There are no liabilities or contingent liabilities relating to environmental or employee health and safety matters (including on-site or off-site contamination) relating to any Credit Party or any property owned, leased or used by any Credit Party, which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.07. Compliance with Laws; Governmental Approvals. Each Credit Party (i) has all Governmental Approvals required by any Applicable Law for it to conduct its business, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to its knowledge, threatened attack by direct or collateral proceeding, and (ii) is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws, including, without limitation, the BSA, relating to it

or any of its respective properties, except, in each case, to the extent that such non-compliance would not have a Material Adverse Effect.

SECTION 3.08. Investment and Holding Company Status. No Credit Party is an “investment company” or a company “controlled” by an “investment company” (as each such term is defined or used in the Investment Company Act of 1940, as amended) and neither the Borrower nor any of its Subsidiaries is, or after giving effect to any Borrowing will be, subject to regulation under the Public Utility Holding Company Act of 1935 or the Interstate Commerce Act, each as amended, or any other Applicable Law which limits its ability to incur or consummate the transactions contemplated hereby.

SECTION 3.09. Taxes. Each Credit Party has duly filed or caused to be filed all material federal, state and local tax returns required by Applicable Law to be filed, and has paid, or made adequate provision for the payment of, all federal, state, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable, other than those the validity of which the applicable Credit Party is contesting in good faith by appropriate proceedings and with respect to which the applicable Credit Party shall, to the extent required by GAAP, have set aside on its books adequate reserves. No Governmental Authority has asserted any Lien or other claim against any Credit Party with respect to unpaid taxes which has not been discharged or resolved, other than those the validity of which the applicable Credit Party is contesting in good faith by appropriate proceedings and with respect to which the applicable Credit Party shall, to the extent required by GAAP, have set aside on its books adequate reserves. The charges, accruals and reserves on the books of Credit Parties in respect of federal, state, local and other taxes for all Fiscal Years and portions thereof since the organization of each such Credit Party are in the judgment of the Borrower adequate, and the Borrower does not anticipate any additional taxes or assessments for any of such years.

SECTION 3.10. ERISA. The Borrower and each ERISA Affiliate is in material compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder.

SECTION 3.11. Disclosure. All written information, reports and other papers and data produced by or on behalf of each Credit Party and furnished to the Administrative Agent and the Lenders (other than financial projections concerning the Borrower and its Subsidiaries, all of which have been prepared in good faith based upon reasonable assumptions) were, at the time the same were so furnished, complete and correct in all material respects. No document furnished or written statement made to the Administrative Agent or the Lenders by any Credit Party in connection with the negotiation, preparation or execution of this Agreement or any of the Credit Documents contains or will contain any untrue statement of a fact material to the creditworthiness of any Credit Party or omits or will omit to state a fact necessary in order to make the statements contained therein not misleading.

SECTION 3.12. No Default. No event has occurred or is continuing which constitutes (i) a Default or an Event of Default or (ii) which constitutes, or which with the passage of time or giving of notice or both would constitute, a default or event of default by any Credit Party under any material agreement or contract, judgment, decree or order by which any

Credit Party or any of their respective properties may be bound or which would require a Credit Party to make any payment thereunder prior to the scheduled maturity date therefore, where (in the case of this clause (ii)) such default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.13. Margin Stock. No Credit Party is engaged principally or as one of its activities in the business of extending credit for the purpose of “purchasing” or “carrying” any “margin stock” (as each such term is defined or used in the regulations of the Board of Governors of the Federal Reserve System). No part of the proceeds of any of the Loans will be used for purchasing or carrying margin stock in violation of, or for any purpose which violates, the provisions of Regulation T, U or X of such Board of Governors.

SECTION 3.14. No Burdensome Restrictions. No Credit Party is a party to any agreement or instrument or subject to any restriction in its organizational documents that (i) will have the effect of prohibiting or restraining, or will impose adverse conditions upon, any of the transactions contemplated hereby or in the other Credit Documents or the payment of dividends or the making of any loans, investments or transfers by any Subsidiary to or in the Borrower or (ii) has resulted or could reasonably be expected to result in a Material Adverse Effect. No Credit Party is subject to any Governmental Approval or Applicable Law which is so unusual or burdensome as in the foreseeable future could be reasonably expected to have a Material Adverse Effect. The Borrower does not presently anticipate that future expenditures of the Credit Parties needed to meet the provisions of any statutes, orders, rules or regulations of a Governmental Authority will be so burdensome as to have a Material Adverse Effect.

SECTION 3.15. Solvency. As of the Effective Date and after giving effect to each Borrowing made hereunder, the Borrower and its Subsidiaries, taken as a whole, will be Solvent.

SECTION 3.16. Debt and Permitted Investments. No Credit Party has any Debt other than Permitted Debt. No Credit Party has made any Investments other than Investments permitted under Section 6.04 of this Agreement.

SECTION 3.17. Fiscal Year. The Fiscal Year of each Credit Party begins on October 1 and ends on September 30 of the following calendar year.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy

transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Stinson Morrison Hecker LLP, counsel for the Credit Parties, substantially in the form of Exhibit B, and covering such other matters relating to the Credit Parties, this Agreement or the Transactions as the Required Lenders shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Credit Party, the authorization of the Transactions and any other legal matters relating to the Credit Parties, this Agreement or the Transactions, as set forth in Exhibit D and all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Administrative Agent shall have received evidence reasonably satisfactory to it that the Existing Credit Agreement has been terminated and cancelled, that all Debt outstanding thereunder has been fully repaid or will be fully repaid with the proceeds of the initial Revolving Loans and that all liens and security interests granted pursuant thereto have been fully released and terminated.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(g) The Administrative Agent and the Co-Syndication Agents (collectively, the "Agents") shall have received evidence reasonably satisfactory to them that the Borrower's and the relevant seller's respective general partners, directors or other managers and, if necessary, unitholders, shall have approved the Star Gas Acquisition and all regulatory and legal approvals for the Star Gas Acquisition shall have been obtained and any required waiting periods shall have expired or been terminated.

(h) There shall exist an absence of injunction or temporary restraining order which, in the judgment of the Agents would prohibit the making of the Loans or the consummation of the Star Gas Acquisition or the Transactions; and there shall exist an absence of litigation which would reasonably be expected to result in a material adverse effect on the Borrower and its Subsidiaries taken as a whole or on the Star Gas Acquired Business; provided, however, that no litigation with respect to the Star Gas Acquired Business or the Star Gas Acquisition shall be deemed materially adverse, unless it results,

or is reasonably likely to result, in a decrease in the value of the Star Gas Acquired Business by more than \$47,500,000.

(i) The total consideration paid in connection with the Star Gas Acquisition shall not exceed \$475,000,000, subject to working capital adjustments, plus fees and expenses related thereto.

(j) The representations and warranties in the Star Gas Acquisition Agreement shall be accurate in all material respects as of the date of the Star Gas Acquisition closing (provided, that, with respect to the Star Gas Acquisition and the Star Gas Acquired Business, the representations and warranties shall be deemed to be accurate in all material respects, unless the inaccuracies result, or are reasonably likely to result, in a decrease in the value of the Star Gas Acquisition or the Star Gas Acquired Business by more than \$47,500,000) and the conditions therein shall have been satisfied or waived with the consent of the Agents and the Borrower must have received an opinion of counsel concerning the enforceability of the Star Gas Acquisition Agreement and its compliance with all applicable law.

(k) The Borrower shall have received net cash proceeds from equity contributions of at least \$80,000,000.

(l) The Agents and the Lenders shall have received audited financial statements for (i) the Borrower for the fiscal years ended September 30, 2003 and September 30, 2004 and (ii) the Star Gas Acquired Business for the fiscal years ended September 30, 2003 and September 30, 2004.

(m) The Agents shall have received a pro forma opening balance sheet as if the Star Gas Acquisition had closed on September 30, 2004 ("Pro Forma Opening Balance Sheet") reflecting consummation of the Star Gas Acquisition and five year financial statement projections ("Projections"), together with such information as the Agents may reasonably request to confirm the tax, legal, and business assumptions made in such Pro Forma Opening Balance Sheet and Projections. The Pro Forma Opening Balance Sheet, the capital structure of the Borrower and the Projections must demonstrate, in the reasonable judgement of the Agents, together with all other information then available to the Agents, that the Borrower and its Subsidiaries have the ability to repay their debts and satisfy the respective other obligations as and when due and to comply with the financial covenants in the Credit Documents.

(n) The Star Gas Acquisition shall have been consummated on the terms contained in the Star Gas Acquisition Agreement (unless waived by the Agents and the Borrower) substantially concurrently with the initial funding hereunder.

(o) If requested by the Agents, the Borrower shall have delivered to the Agents an environmental review report, reasonably satisfactory in form and substance to them, from an environmental review firm reasonably acceptable to them, as to any environmental hazards or liabilities and with the Borrower's plans with respect thereto.

(p) No Default or Event of Default shall exist on the Effective Date. No material adverse change shall have occurred in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, since September 30, 2003 or of the Star Gas Acquired Business since September 30, 2003; provided, however, that a change with respect to the Star Gas Acquired Business shall not be deemed materially adverse, unless it results, or is reasonably likely to result, in a decrease in the value of the Star Gas Acquired Business by more than \$47,500,000.

(q) The Agents shall have determined that there is an absence of any material adverse change or disruption in primary or secondary loan syndication markets or capital markets generally that would likely impair syndication of the credit facility evidenced hereby.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 3:00 p.m., Chicago, Illinois time, on the Effective Date (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of the making of such Loan, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(b) At the time of and immediately after giving effect to such Loan, no Default shall have occurred and be continuing.

The making of each Loan shall be deemed to constitute a representation and warranty the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent for distribution to each Lender:

(a) (i) as soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, audited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the close of such Fiscal Year and audited consolidated statements of income, retained earnings and cash flows for the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures for the preceding Fiscal Year and audited by Ernst & Young, LLP or other independent certified public accountants of national standing reasonably acceptable to the Administrative Agent in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operation of any change in the application of accounting principles and practices during the year, and accompanied by a report thereon by such certified public accountants that is not qualified with respect to scope limitations imposed by the Borrower or any of its Consolidated Subsidiaries or with respect to accounting principles followed by the Borrower or any of its Consolidated Subsidiaries not in accordance with GAAP (it being agreed that purposes hereof, the delivery of the Borrower's appropriately completed Annual Report on Form 10-K will be sufficient in lieu of delivery of the consolidated financial statements of the Borrower and its Consolidated Subsidiaries) and (ii) as soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, unaudited consolidating balance sheet of the Borrower and its Consolidated Subsidiaries as of the close of such Fiscal Year and unaudited consolidating statements of income, retained earnings and cash flows for the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures for the preceding Fiscal Year, certified by a Financial Officer of the Borrower as having been prepared in accordance with GAAP;

(b) as soon as practicable and in any event within forty-five (45) days after the end of each of the first three fiscal quarters, unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the close of such fiscal quarter and unaudited consolidated statements of income, retained earnings and cash flows for the fiscal quarter then ended and that portion of the Fiscal Year then ended, all in reasonable detail setting forth in comparative form the corresponding figures for the preceding Fiscal Year and prepared by the Borrower in accordance with GAAP other than the absence of footnotes and subject to year-end audit and adjustments and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by a Financial Officer of the Borrower to present fairly in all material respects the financial condition of the Borrower and its Consolidated Subsidiaries as of their respective dates and the results of operations of the Borrower and its Consolidated Subsidiaries for the respective periods then ended other than the absence of footnotes and subject to year-end audit and adjustments (it being agreed that for purposes hereof, the delivery of the Borrower's appropriately completed Quarterly Report on Form 10-Q will be sufficient in lieu of delivery of the consolidated financial statements of the Borrower and its Consolidated Subsidiaries);

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower in the form of Exhibit E hereto (i) certifying as to whether a Default has occurred and, if a Default has occurred,

specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating (A) compliance with Sections 6.01, 6.03, 6.04, 6.06 and 6.12 and (B) the determination of the Applicable Rate and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) as soon as practicable, but in any event no later than August 31 of the preceding Fiscal Year, the Borrower shall submit to the Administrative Agent an Annual Budget for the next Fiscal Year, approved by management of the Borrower. As soon as practicable, but in any event no later than November 30 of the applicable Fiscal Year, the Borrower shall submit to the Administrative Agent the Annual Budget for the then current Fiscal Year, approved by the board of directors (or analogous governing board) of the Borrower;

(f) as soon as available, but in any event within 5 Business Days after the creation or acquisition of any new Subsidiary, or the sale or dissolution of any existing Subsidiary, an updated Schedule 3.01 hereto reflecting the addition of such new Subsidiary or the removal of such existing Subsidiary (as applicable); and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent for distribution to each Lender prompt (but in no event later than ten (10) days after an officer of a Credit Party obtains knowledge thereof) written notice of the following:

(a) the commencement of all proceedings and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against or involving any Credit Party or any of their respective properties, assets or businesses, which could reasonably be expected to have a Material Adverse Effect;

(b) any notice of any violation received by any Credit Party from any Governmental Authority including, without limitation, any notice of violation of Environmental Laws or ERISA which, in any such case, could reasonably be expected to have a Material Adverse Effect;

(c) any labor controversy that has resulted in a strike or other work action against any Credit Party that could reasonably be expected to have a Material Adverse Effect;

(d) any dispositions of any Collateral or other assets or property of any Credit Party (other than (i) dispositions in the ordinary course of its business, (ii) sales of assets between Credit Parties and (iii) sales or dispositions of obsolete or worn-out equipment) within ten (10) days of the disposition thereof;

(e) any Default or Event of Default;

(f) any event which makes any of the representations set forth in Article III inaccurate in any respect;

(g) any other development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect; and

(h) promptly upon receipt thereof, copies of all reports, if any, submitted to any Credit Party or its respective board of directors (or analogous governing body) by its respective independent public accountants in connection with their auditing function, including, without limitation, accountant letters, management reports and management responses thereto.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, (i) carry on and conduct its principal business substantially as it is now being conducted, (ii) maintain in good standing its existence and its right to transact business in those states in which it is now or may after the Effective Date be doing business, and (iii) maintain all licenses, permits and registrations necessary to the conduct of its business, except where the failure to so maintain its right to transact business or to maintain such licenses, permits or registrations would not have a Material Adverse Effect.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay and discharge, before they become delinquent, all taxes, assessments and other governmental charges imposed upon it, its properties, or any part thereof, or upon the income or profits therefrom and all claims for labor, materials or supplies which if unpaid might be or become a Lien or charge upon any of its property and other material obligations, except such items as it is in good faith appropriately contesting and as to which adequate reserves have been provided to the Administrative Agent's satisfaction.

SECTION 5.05. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) (i) maintain, preserve and keep its properties and every part thereof in good repair, working order and condition (except for such properties as the Borrower in good faith determines are not useful in the conduct of its or its Subsidiaries' business), (ii) from time to time make all necessary and proper repairs, renewals, replacements,

additions and improvements thereto so that at all times the efficiency thereof shall be fully preserved and maintained (ordinary wear and tear excepted), and (iii) maintain all leases of real or personal property in good standing, free of any defaults by the Credit Party that is party thereto, except, in each case, where the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (b) keep insured at all times with financially sound and reputable insurers which are satisfactory to the Administrative Agent (i) all of its property of an insurable nature (other than residential tanks and racks and cylinders on a cylinder exchange program), including, without limitation, all real estate, equipment, fixtures and inventories, against fire and other casualties in such a manner and to the extent that like properties are usually insured by others owning properties of a similar character in a similar locality or as otherwise reasonably required by the Administrative Agent, with the proceeds of such casualty insurance payable to the Administrative Agent for the benefit of the Lenders, and (ii) against liability on account of damage to persons or property (including product liability insurance, pollution legal liability insurance and all insurance required under all applicable worker's compensation laws) caused by it or its officers, members, employees, agents or contractors in such a manner and to the extent that like risks are usually insured by others conducting similar businesses in the places where it conducts its business or as otherwise required by the Administrative Agent; provided, however, that the Borrower may self-insure against casualty all of its property of an insurable nature, so long as (y) no Event of Default has occurred and is continuing under this Agreement, and (z) adequate reserves (as are customary in the case of self-insured entities of similarly situated companies engaged in the same or a similar line of business in accordance with GAAP) are maintained for such purpose. Notwithstanding the foregoing, in the event that any property of the Borrower or any of its Subsidiaries is not accepted by the applicable insurer for inclusion under the Borrower's or the applicable Subsidiary's pollution legal liability policy, the Borrower or such Subsidiary shall not be required to maintain pollution legal liability insurance coverage on such property provided that (i) the Borrower provides the Administrative Agent with notice of the rejection of such property by the insurer, and (ii) at the Administrative Agent's option, such property shall not be included in the Collateral. The Borrower shall cause the insurers under all of its and its Subsidiaries' insurance policies to (a) provide the Administrative Agent at least thirty (30) days prior written notice of the termination of any such policy before such termination shall be effective and (b) agree to such other matters in respect of any such casualty insurance as provided in the Administrative Agent's loss payee endorsement. In addition, the Borrower will, upon request of the Administrative Agent at any time, furnish a written summary of the amount and type of insurance carried by the Borrower and its Subsidiaries, the names of the insurers and the policy numbers, and deliver to the Administrative Agent certificates with respect thereto.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to (i) maintain complete and accurate books and financial records in accordance with GAAP; (ii) during normal working hours permit the Administrative Agent and Persons designated by the Administrative Agent to visit and inspect its properties and to conduct any environmental tests or audits thereon, to perform audits of its accounts receivable and inventory and to inspect its books and financial records (including its journals, orders, receipts and correspondence which relate to its accounts receivable and inventory), to make copies and to take extracts therefrom, and to discuss its affairs, finances and accounts receivable and operations with its members, officers, employees and agents and its independent public accountants at the expense of the Borrower; (iii) permit the Administrative Agent and Persons

designated by the Administrative Agent to perform audits of such books and financial records at the expense of the Borrower when and as requested by the Administrative Agent.

SECTION 5.07. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all applicable laws, rules and regulations, and all orders of any Governmental Authority, applicable to it or any of its property, business, operations or transactions (including ERISA and all Environmental Laws), except where the failure to so comply could not reasonably be expected to result in a Material Adverse Effect, and provide prompt written notice to the Administrative Agent following the receipt of any notice of any violation of any such laws, rules, regulations or orders from any Governmental Authority charged with enforcing the same where such violation could reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. Use of Proceeds. The Borrower will, and will cause each of its Subsidiaries to, only use the proceeds of the Loans to finance the Star Gas Acquisition and related transaction expenses. No proceeds of any Loans shall be used to acquire or carry any "margin stock" (as such term is defined or used in the regulations of the Board of Governors of the Federal Reserve System).

SECTION 5.09. Subsidiary Guaranty. As promptly as possible but in any event within thirty (30) days (or such later date as may agreed upon by the Administrative Agent) after any Person becomes a Subsidiary or a Subsidiary ceases to be an "Excluded Subsidiary" under the definition of that term, the Borrower shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the material assets of such Person and shall cause each such Subsidiary to deliver to the Administrative Agent the Subsidiary Guaranty pursuant to which such Subsidiary agrees to be bound by the terms and provisions of thereof, such Subsidiary Guaranty to be accompanied by appropriate authorizing resolutions, other Organic Documents and legal opinions in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

SECTION 5.10. Collateral. (a) The Borrower will cause, and will cause each other Credit Party to cause, all of its owned Property (subject to the exceptions contained herein and in any Collateral Document) to be subject at all times to first priority, perfected Liens in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations to secure the Obligations in accordance with the terms and conditions of the Collateral Documents, subject in any case to Permitted Liens. Without limiting the generality of the foregoing, the Borrower will cause the Applicable Pledge Percentage of the issued and outstanding equity interests of each Pledge Subsidiary) directly owned by the Borrower or any other Credit Party to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent to secure the Obligations in accordance with the terms and conditions of the Collateral Documents or such other security documents as the Administrative Agent shall reasonably request to the extent, and within such time period as is, reasonably required by the Administrative Agent. Notwithstanding the foregoing, (1) no pledge agreement in respect of the equity interests of a Foreign Subsidiary shall be required hereunder to the extent such pledge thereunder is prohibited by applicable law or the Administrative Agent or its counsel reasonably determines that such pledge would not provide material credit support for the benefit of the Holders of Secured Obligations pursuant to legally valid, binding and enforceable pledge agreements and (2) the vehicle titles for the motor

vehicles owned by the Credit Parties on the Effective Date need not be retitled to reflect the Administrative Agent as the lienholder, and no Mortgages are required to be delivered hereunder, in each case, until March 17, 2005 or such later date as the Administrative Agent may agree in the exercise of its reasonable discretion (it being understood and agreed that the failure to deliver such retitled vehicle titles and Mortgages by the required date shall constitute a Default under clause (d)(i) of Article VII hereof) with respect to (a) the real property owned by the Credit Parties on the Effective Date; provided that the Borrower hereby agrees to use its best efforts to cause the delivery of such retitled vehicle titles and Mortgages as soon as practicable after the Effective Date.

(b) The Borrower will, and will cause each of its Subsidiaries to, keep all Collateral, other than inventory in transit, motor vehicles, residential tanks and bulk storage tanks, at one or more of the locations set forth on Schedule 5.10 hereto and not remove any such Collateral therefrom except for, (i) inventory sold in the ordinary course of business; (ii) dispositions of obsolete or worn out equipment to the extent permitted under this Agreement and the other Credit Documents; and (iii) the storage of inventory or equipment at locations within the continental United States other than those described on Schedule 5.10 hereto; provided that (a) this Section 5.10 shall be deemed inapplicable during the continuation of the Collateral Release Event (as defined below) and (b) the Borrower shall take all actions necessary for the Administrative Agent's Lien on such inventory and equipment to continue to be a perfected first priority Lien subject to no other Lien other than Permitted Liens. Notwithstanding the foregoing or anything else contained in this Agreement or any other Credit Document to the contrary, the parties hereto acknowledge and agree that in the event the Borrower receives, after the Effective Date, investment grade ratings for its senior unsecured long-term debt securities (without third-party credit enhancement) from both S&P (at least BBB-) and Moody's (at least Baa3), the security interests granted pursuant to the Collateral Documents will be released (the "Collateral Release Event"); provided that if either such investment grade rating from S&P or Moody's subsequently falls below BB+ or Ba1 respectively, the Borrower and its Subsidiaries will re-grant the security interests in the Collateral pursuant to comparable Collateral Documents and no further ratings-based collateral releases will be permissible.

SECTION 5.11. Performance of Obligations; Further Assurances. If an Event of Default has occurred and is continuing, the Borrower will, and will cause each of its Subsidiaries to, permit the Administrative Agent on behalf of the Lenders, if the Administrative Agent or the Required Lenders so elects in their sole discretion, to pay or perform any of the Borrower's Obligations hereunder or under any other Credit Documents and to reimburse the Administrative Agent, on demand, or, if the Administrative Agent so elects, by the Administrative Agent making one or more Loans (as the Administrative Agent may elect) on the Borrower's behalf and charging the accounts of any Credit Party held by the Administrative Agent accordingly, for all amounts expended by or on behalf of the Administrative Agent in connection therewith, and all costs and expenses incurred by or on behalf of the Administrative Agent in connection therewith. Subject to the limitations contained in Section 5.13, the Borrower further agrees to, and cause each of its Subsidiaries to, other than during the continuation of the Collateral Release Event, execute, deliver or perform, or cause to be executed, delivered or performed, all such Collateral Documents and other documents, agreements or acts, as the case may be, as the Administrative Agent may reasonably request from time to time to create, perfect, continue or otherwise assure the Administrative Agent with respect to any Lien on all assets of each Credit Party or created or

purported to be created by any of the Credit Documents or to otherwise create, evidence, assure or enhance the Administrative Agent's and the Lender's rights and remedies under, or as contemplated by, the Credit Documents or at law or in equity.

SECTION 5.12. Risk Management Policy. The Borrower will, and will cause each of its Subsidiaries to, comply, and require its Subsidiaries to comply, with (i) the retail and wholesale inventory distribution and trading procedures, (ii) the dollar and volume limits, and (iii) all other material provisions of the Risk Management Policy.

SECTION 5.13. Acquisition of Property and Assets. Subject to the provisions of Section 5.10 and Article VIII, assets and properties acquired by any Credit Party after the Effective Date but excluding such period during which the Collateral Release Event is continuing, consisting of (i) such real properties as constitute at least seventy-five percent (75%) of the aggregate market value of the real properties acquired, as determined by the Administrative Agent in its reasonable discretion, (ii) such motor vehicles as constitute at least seventy-five percent (75%) of the aggregate market value of the motor vehicles acquired, as determined by the Administrative Agent in its reasonable discretion, and (iii) all other material personal property assets acquired (to the extent that (a) a Lien can be perfected thereon by the filing of UCC financing statements in the appropriate jurisdictions, and (b) if required by the Administrative Agent, a Lien can be perfected thereon by possession or other methods under the UCC), shall be part of the Collateral securing the payment and performance of the Obligations on which the Administrative Agent shall have a perfected Lien, and the applicable Credit Party shall execute and deliver, or cause to be executed and delivered, to the Administrative Agent, at the Borrower's reasonable expense, such documents (including, without limitation, Collateral Documents, UCC financing statements, fixture filings and opinions of counsel) and other assurances as the Administrative Agent may request in order to create and perfect Liens in such assets and properties in favor of the Administrative Agent, subject to no other Liens other than Permitted Liens. Notwithstanding anything to the contrary set forth above, the conditions set forth in clauses (i), (ii) and (iii) shall not apply to the acquisition of assets and properties (whether acquired in one or more related or unrelated transactions) to the extent that the aggregate purchase price of such assets and properties does not exceed \$10,000,000.

SECTION 5.14. ERISA. The Borrower will, and will cause each of its Subsidiaries to, (i) notify the Administrative Agent promptly of the establishment or joinder of any Plan, except that prior to the establishment of any "welfare benefit plan" (as defined in Section 3(1) of ERISA) covering any employee of any Credit Party or ERISA Affiliate for any period after such employee's termination of employment other than such period required by the Consolidated Omnibus Budget Reconciliation Act of 1986 or "defined benefit plan" (as defined in Section 3(35) of ERISA) or joinder of, or contribution to, any "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA), it will obtain the Administrative Agent's prior written approval of such establishment; (ii) at all times make prompt payments or contributions to meet the minimum funding standards of Section 412 of the Code, with respect to each Plan; (iii) promptly after the filing thereof, furnish to the Administrative Agent a copy of any report required to be filed pursuant to Section 103 of ERISA in connection with each Plan for each plan year, including but not limited to the Schedule B attached thereto, if applicable; (iv) notify the Administrative Agent promptly of any "reportable event" (as defined in Section 4043 of ERISA) or any circumstances arising in connection with any Plan that might constitute grounds for the

termination thereof by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer the Plan, the initiation of any audit or inquiry by the Internal Revenue Service or the Department of Labor of any Plan or transaction(s) involving or related to any Plan, or any "prohibited transaction" as defined in Section 406 of ERISA or Section 4975(c) of the Internal Revenue Code of 1986, as amended; (v) notify the Administrative Agent prior to any action that could result in the assertion of liability under Subtitle E of Title IV of ERISA caused by the complete or partial withdrawal from any multiemployer plan or to terminate any defined benefit plan sponsored by a Credit Party or any ERISA Affiliate; and (vi) promptly furnish such additional information concerning any Plan as the Administrative Agent may from time to time reasonably request.

SECTION 5.15. Environmental Reports. If an Event of Default caused by reason of a breach of Section 5.07 (as such Section relates to Environmental Laws) shall have occurred and be continuing, at the request of the Required Lenders through the Administrative Agent, the Borrower will, and will cause each of its Subsidiaries to, provide to the Lenders within forty-five (45) days after such request, at the expense of the Borrower, an environmental site assessment report for the properties which are the subject of such Event of Default prepared by an environmental consulting firm acceptable to the Administrative Agent and consented to by the Borrower (which consent shall not be unreasonably withheld or delayed), indicating the presence or absence of hazardous materials and the estimated cost of any compliance or remedial action in connection with such properties.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Debt. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Debt, except Permitted Debt.

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Liens.

SECTION 6.03. Mergers; Sales of Assets; Sale-Leasebacks and other Fundamental Changes. (a) The Borrower will not, and will not permit any Subsidiary to, (i) merge or consolidate with or otherwise acquire, or be acquired by, any other Person; provided that the Borrower may consummate Permitted Acquisitions; and (ii) sell, lease or otherwise transfer all or any part of its assets other than, (a) the sale of inventory in the ordinary course of such Person's business, (b) the disposition of obsolete or worn out equipment subject to Section 2.11(b)(iii) hereof, (c) for so long as there exists no Event of Default, the sale of motor vehicles in the ordinary course of such Person's business, (d) sales of assets between Credit Parties and

(e) the sale of other assets not in the ordinary course of business in an amount not to exceed \$10,000,000 (or \$50,000,000 if the Aggregate Combined Commitment has been reduced (other than pursuant to Article VII) to an amount equal to or less than \$325,000,000) in any Fiscal Year.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, enter into any arrangement with any lender or investor or to which such lender or investor is a party, providing for the leasing by the Borrower or any of its Subsidiaries of real or personal property which has been or is to be sold or transferred by the Borrower or any of its Subsidiaries to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Borrower or any of its Subsidiaries, except for such transactions which, together with all other such transactions entered into by the Borrower and its Subsidiaries, involve real and personal property having a fair market value not exceeding \$5,000,000 in the aggregate.

(c) The Borrower will not, and will not permit any of its Subsidiaries to, create any Subsidiary or manufacture any goods, render any services or otherwise enter into any business which is not substantially similar to that existing on the Effective Date; provided, however, that the Borrower or any of its Subsidiaries may engage in, or create one or more Controlled Subsidiaries to engage in, Midstream Business.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to:

(a) subject to clause (b) below, make or permit to exist any loans or advances to or any other investment in any Person (including any equity holders of the Borrower or of any of its Affiliates), except (1) investments in (i) interest-bearing United States Government obligations, (ii) certificates of deposit issued by or time deposits with any commercial bank organized and existing under the laws of the United States or any state thereof having capital and surplus of not less than \$25,000,000, (iii) prime commercial paper rated AAA by S&P or Prime P-1 by Moody's and (iv) agreements involving the sale and guaranteed repurchase of United States Government securities, (2) investments in securities of trade creditors or customers in the ordinary course of business and consistent with the Borrower's or such Subsidiaries' past practices that are received in settlement of *bona fide* disputes or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers, (3) loans and advances to directors, employees and officers of the Borrower and the Subsidiaries for *bona fide* business purposes, in aggregate amount not to exceed \$1,000,000 at any time outstanding, (4) investments in Inergy Canada Corporation in an amount not to exceed \$5,000,000, (5) investments in the Borrower, (6) the Borrower and the Subsidiaries may (i) acquire and hold accounts receivables owing to any of them if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary terms, (ii) endorse negotiable instruments held for collection in the ordinary course of business and (iii) make lease, utility and other similar deposits in the ordinary course of business, (7) a Subsidiary provided that (i) such Subsidiary is a wholly owned Subsidiary (directly or indirectly) of the Borrower; (ii) such Subsidiary guarantees the Obligations under the Credit Agreement and other Credit Documents pursuant to the Subsidiary Guaranty, (iii) such Subsidiary grants to the Administrative Agent for the benefit of the Lenders a first priority

security interest in all assets and properties of such Subsidiary (subject only to Permitted Liens) in accordance with Section 5.13 pursuant to the Pledge and Security Agreement and, in the case of real property owned by such Subsidiary, a Mortgage and (iv) the Capital Stock of such Subsidiary is pledged to the Administrative Agent for the benefit of the Holders of Secured Obligations pursuant to the Pledge and Security Agreement, (8) Guaranties permitted under Section 6.01, (9) Permitted Acquisitions and (10) other investments in an aggregate amount not to exceed \$5,000,000 in any Fiscal Year. All instruments and documents evidencing such investments shall be pledged to the Administrative Agent promptly after the relevant Person's receipt thereof, shall be security for the Obligations, and shall be Collateral hereunder; and

(b) acquire any assets or property of any other Person (other than a Credit Party) other than (i) pursuant to a Permitted Acquisition, (ii) subject to Section 5.13, in the ordinary course of business consistent with past practices and (iii) as part of a Capital Expenditure.

SECTION 6.05. Hedging Agreements; Put Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Hedging Agreement, except (a) Hedging Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure regardless of maturity (other than those in respect of Capital Stock of the Borrower or any of its Subsidiaries), and (b) Hedging Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary. Furthermore, the Borrower will not, and will not permit any of its Subsidiaries to, enter into any put agreement or similar agreement with any other Person granting such Person put rights or similar arrangements with respect to the Capital Stock of the Borrower or its Subsidiaries (other than in connection with compensation arrangements with directors, officers or employees of the Borrower or any Subsidiary).

SECTION 6.06. Restricted Payments. The Borrower will not, and will not permit any of its Subsidiaries to, declare or pay any dividends on or make any other distributions in respect of any membership interests or other equity interests (other than in connection with compensation arrangements with directors, officers or employees of the Borrower or any Subsidiary) or redeem or otherwise acquire any such membership or other equity interests without in each instance obtaining the prior written consent of the Required Lenders; provided, however, that (i) any Credit Party which is a Subsidiary of the Borrower may pay regularly scheduled dividends or make other distributions to the Borrower and (ii) if no Default or Event of Default exists or would result therefrom, the Borrower may pay cash distributions, free of any Lien, to its unitholders in an aggregate amount not to exceed Available Cash.

SECTION 6.07. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or be a party to any transaction or arrangement, including without limitation, the purchase, sale or exchange of property of any kind or the rendering of any service, with any Affiliate, except in the ordinary course of and pursuant to the reasonable requirements of such Person's business and upon fair and reasonable terms substantially as favorable to such Person as those which would be obtained in a comparable arms-length transaction with a non-Affiliate except that the following shall be permitted: (1) investments permitted by Sections 6.04(a)(3)-(7), (2) reasonable and customary director, officer

and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans) and indemnification arrangements, (3) the existence of, and the performance by any Credit Party of its obligations under the terms of, any limited liability company, limited partnership or other Organic Document or securityholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party on the Closing Date, and which has been disclosed to the Lenders as in effect on the Closing Date, and similar agreements that it may enter into thereafter; *provided, however*, that the existence of, or the performance by any Credit Party of obligations under, any amendment to any such existing agreement or any such similar agreement entered into after the Closing Date shall only be permitted by this Section 6.07 to the extent not more adverse to the interest of the Lenders in any material respect than the provisions of any of such documents and agreements as in effect on the Closing Date and (4) transactions between and among the Credit Parties. The foregoing shall not prohibit the creation of, or an arrangement with, a Subsidiary or other Affiliate in connection with a Permitted Acquisition or other acquisition of assets and properties pursuant to the terms and conditions of this Agreement, provided, that the structure of any such proposed transaction is disclosed to the Administrative Agent and is acceptable to the Administrative Agent in its reasonable discretion.

SECTION 6.08. Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that conflicts with any provision of this Agreement or the other Credit Documents. Furthermore, the Borrower will not, and will not permit any of its Subsidiaries to, enter into any Debt (other than Permitted Junior Debt) which contains any covenants (including, without limitation, a negative pledge on assets that does not permit the Liens securing the Obligations) more restrictive than the provisions of Articles V and VI, or enter into any Permitted Junior Debt (other than the Senior Unsecured Notes and the other Debt described in clause (1)(ii) of the first sentence of the definition of Permitted Junior Debt) which contains any covenants more restrictive than the provisions of Article VI or any negative pledge on assets that does not permit the Liens securing the Obligations.

SECTION 6.09. Changes in Accounting Principles; Fiscal Year. The Borrower will not, and will not permit any of its Subsidiaries to, make any change in its principles or methods of accounting as currently in effect, except such changes as are required by GAAP, nor, without first obtaining the Administrative Agent's written consent, change its Fiscal Year.

SECTION 6.10. Lease Obligations. The Borrower will not, and will not permit any of its Subsidiaries to, permit the aggregate obligations that are due and payable during any Fiscal Year under leases or agreements to lease (other than obligations under Capital Leases) to exceed \$20,000,000.

SECTION 6.11. Amendments to Organic Documents. The Borrower will not, and will not permit any of its Subsidiaries to, amend or otherwise modify their respective Organic Documents in any manner that would affect the Administrative Agent or the Lenders without the prior written consent of the Administrative Agent and the Required Lenders, except for amendments or other modifications that modify administrative provisions or amendments that reflect the issuance, redemption or transfer of Capital Stock to the extent permitted by and in accordance with this Agreement and the other Credit Documents.

SECTION 6.12. Financial Covenants.

(a) Maximum Total Leverage Ratio. The Borrower will not permit the Total Leverage Ratio, determined as of the end of each of its fiscal quarters ending on and after the Effective Date for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, to be greater than (i) 5.50 to 1.0 as of the end of the fiscal quarters ending December 31, 2004 and March 31, 2005 and (ii) 4.75 to 1.0 as of the end of each fiscal quarter thereafter.

(b) Maximum Senior Secured Leverage Ratio. The Borrower will not permit the Senior Secured Leverage Ratio, determined as of the end of each of its fiscal quarters ending on and after December 31, 2005 for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, to be greater than 3.75 to 1.0.

(c) Minimum Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio, determined as of the end of each of its fiscal quarters ending on and after the Effective Date for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, to be less than 2.5 to 1.0.

SECTION 6.13. Permitted Junior Debt and Amendments to Permitted Junior Debt Documents. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Permitted Junior Debt or any Debt from time to time outstanding under the Permitted Junior Debt Documents. Furthermore, the Borrower will not, and will not permit any Subsidiary to, amend the Permitted Junior Debt Documents or any document, agreement or instrument evidencing any Debt incurred pursuant to the Permitted Junior Debt Documents (or any replacements, substitutions, extensions or renewals thereof) or pursuant to which such Debt is issued where such amendment, modification or supplement provides for the following or which has any of the following effects:

(a) increases the overall principal amount of any such Debt or increases the amount of any single scheduled installment of principal or interest;

(b) shortens or accelerates the date upon which any installment of principal or interest becomes due or adds any additional mandatory redemption provisions;

(c) shortens the final maturity date of such Debt or otherwise accelerates the amortization schedule with respect to such Debt;

(d) amends or modifies any financial or negative covenant (or covenant which prohibits or restricts the Borrower or any Subsidiary from taking certain actions) in a manner which is more onerous or more restrictive in any material respect to the Borrower or such Subsidiary or which is otherwise materially adverse to the Borrower, any Subsidiary and/or the Lenders or, in the case of any such covenant, which places material additional restrictions on the Borrower or such Subsidiary or which requires the Borrower or such Subsidiary to comply with more restrictive financial ratios or which requires the Borrower to better its financial performance, in each case from that set forth in the existing applicable covenants in the Permitted Junior Debt Documents or the applicable covenants in this Agreement; or

(e) amends, modifies or adds any affirmative covenant in a manner which (i) when taken as a whole, is materially adverse to the Borrower, any Subsidiary and/or the Lenders or (ii) is more onerous than the existing applicable covenant in the Permitted Junior Debt Documents or the applicable covenant in this Agreement.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement, the Subsidiary Guaranty, any Pledge Agreement, any other Credit Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement, the Subsidiary Guaranty, any other Credit Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the Borrower's existence), 5.08, 5.09 or 5.10 or in Article VI (other than Sections 6.07, 6.09, 6.10 and 6.11) or (ii) any of the Credit Documents shall cease in any material respect to be in full force and effect or shall be declared to be null and void in whole or in a material part by the final judgment of a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability thereof shall be contested by, or on behalf of, any Credit Party; or any Credit Party shall renounce any of the same or deny that it has any or further liability under any Credit Document to which it is a party; or any security interest purported to be created by any Credit Document shall cease to be, or shall be asserted by any Credit Party not to be, a valid, perfected, first priority (except as expressly otherwise provided in this Agreement or such Credit Document) security interest in the Collateral covered thereby;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any Credit Party shall be in breach of any of the terms or provisions of any other Credit Document (beyond the applicable grace period with respect thereto, if any), and such failure or breach shall continue unremedied for a period of 30 days after the earlier to occur of (i) notice thereof from the Administrative Agent to the Borrower (which notice will be given at the

request of any Lender) or (ii) an officer of the Borrower becomes aware of any such failure or breach;

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Debt, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Debt (other than Material Debt under Hedging Agreements) becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Debt or any trustee or agent on its or their behalf to cause any Material Debt to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; or any default occurs under any Hedging Agreement that constitutes Material Debt which default could enable the other counterparty to terminate the Hedging Agreement; provided that this clause (g) shall not apply to secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Material Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$2,500,000 (to the extent not covered by insurance) shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; or

(m) a Change in Control shall occur.

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Credit Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

The Administrative Agent

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and on behalf of the Holders of Secured Obligations and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or

percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or (vi) the perfection or priority of any of the Liens on any of the Collateral.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more subagents appointed by the Administrative Agent. The Administrative Agent and any such subagent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such subagent and to the Related Parties of the Administrative Agent and any such subagent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a

successor Administrative Agent; provided, that if an Event of Default has occurred and is continuing, no consent of the Borrower shall be required. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

None of the Lenders, if any, identified in this Agreement as a Co-Syndication Agent or a Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their capacity as Co-Syndication Agents or Documentation Agent as it makes with respect to the Administrative Agent in the preceding paragraph.

Except with respect to the exercise of setoff rights of any Lender, in accordance with Section 9.08, the proceeds of which are applied in accordance with this Agreement, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower or with respect to any Credit Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Credit Documents, with the consent of the Administrative Agent.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

In its capacity, the Administrative Agent is a "representative" of the Holders of Secured Obligations within the meaning of the term "secured party" as defined in the New York Uniform Commercial Code. Each Lender authorizes the Administrative Agent to enter into each of the Collateral Documents to which it is a party and to take all action contemplated by such

documents. Each Lender agrees that no Holder of Secured Obligations (other than the Administrative Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Administrative Agent for the benefit of the Holders of Secured Obligations upon the terms of the Collateral Documents. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Holders of Secured Obligations any Credit Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Holders of Secured Obligations. The Lenders hereby authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any Collateral (i) upon termination of the Commitments and payment and satisfaction of all of the Obligations (other than contingent indemnity obligations and Obligations in respect of Hedging Agreements) at any time arising under or in respect of this Agreement or the Credit Documents or the transactions contemplated hereby or thereby; (ii) as permitted by, but only in accordance with, the terms of the applicable Credit Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Credit Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five Business Days' prior written request by the Borrower to the Administrative Agent, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Holders of Secured Obligations herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Borrower or any Subsidiary in respect of) all interests retained by the Borrower or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

The Lenders and the Borrower irrevocably authorize the Administrative Agent, at its option and in its discretion, in the event that, at any time, the Administrative Agent determines that it does not have a perfected Lien on (i) such fee-owned real properties of the Credit Parties as constitute at least seventy-five percent (75%) of the aggregate market value of all fee-owned real properties of the Credit Parties, and/or (ii) such motor vehicles of the Credit Parties as constitute at least seventy-five percent (75%) of the aggregate market value of motor vehicles of the Credit Parties, to obtain perfected Liens on such unencumbered fee-owned real properties and/or unencumbered motor vehicles as the Administrative Agent deems necessary to reach the seventy-five percent (75%) aggregate market value threshold. The Borrower shall provide the Administrative Agent with all information reasonably requested by the Administrative Agent from time to time related to assets owned by the Credit Parties, shall cooperate fully with the Administrative Agent with respect to the performance of due diligence

and the execution of documents necessary to facilitate such Lien perfection and shall pay all reasonable costs and expenses incurred by the Administrative Agent and its counsel in connection therewith.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at Two Brush Creek Blvd., Suite 200, Kansas City, Missouri 64112, Attention of Brooks Sherman, Chief Financial Officer (Telecopy No. (816) 531-3685);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1 Bank One Plaza IL 1-0010, Chicago, Illinois 60670, Attention of Kenneth Fecko (Telecopy No. (312) 385-7096, with copies to JPMorgan Chase Bank, N.A., 1 Bank One Plaza IL 1-0365, Chicago, Illinois 60670, Attention of Joseph Giampetrone (Telecopy No. (312) 325-3030); and

(iii) if to any other Lender, to it at its address (or telecopy number or e-mail address) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any

rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender or (vi) other than pursuant to a transaction permitted by the terms of this Agreement or any other Credit Document, release any Guarantor which is a Material Subsidiary or release all or substantially all of the Collateral which is subject to the Credit Documents (other than pursuant to the Collateral Release Event); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any

counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 15 days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this

Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and shall agree to be bound by Section 9.12 hereof.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and

obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(b) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (b) (ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also

shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(c) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the repayment of the Loans and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturred. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York, but giving effect to federal laws applicable to national banks.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information

includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ENERGY, L.P., as the Borrower

By: INERGY GP, LLC,
its managing general partner

By /s/ R. Brooks Sherman, Jr.

Name: R. Brooks Sherman, Jr.

Title: Senior Vice President and CFO

Signature Page to
364-Day Credit Agreement
Inergy, L.P.

JPMORGAN CHASE BANK, N.A., individually and as
Administrative Agent

By: /s/ Jane Bek Keil

Name: Jane Bek Keil

Title: Director

LEHMAN COMMERCIAL PAPER INC., individually and as
Co-Syndication Agent

By: /s/ Ritam Bhalla

Name: Ritam Bhalla

Title: Authorized Signatory

WACHOVIA BANK, NATIONAL ASSOCIATION,
individually and as Co-Syndication Agent

By: /s/ Yann Pirio

Name: Yann Pirio

Title: Vice President

Signature Page to
364-Day Credit Agreement
Inergy, L.P.

GUARANTY

THIS GUARANTY (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Guaranty") is made as of December 17, 2004, by each of Inergy Propane, LLC, L & L Transportation, LLC, Inergy Transportation, LLC, Inergy Sales & Service, Inc., Inergy Finance Corp., Inergy Acquisition Company, LLC, Stellar Propane Service, LLC and Inergy Gas, LLC (each an "Initial Guarantor", and together with any additional Domestic Subsidiaries which become parties to this Guaranty by executing a Supplement hereto in the form attached hereto as Annex I, the "Guarantors"), in favor of JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent") for the benefit of the Holders of Secured Obligations under the Credit Agreements described below. Each capitalized term used herein and not defined herein shall have the meaning ascribed thereto in the Credit Agreements described below.

WITNESSETH:

WHEREAS, Inergy, L.P., a Delaware limited partnership (the "Borrower"), has entered into (i) a 5-Year Credit Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "5-Year Credit Agreement"), by and among the Borrower, the Administrative Agent, certain financial institutions from time to time party thereto (collectively, the "5-Year Lenders") and (ii) a 364-Day Credit Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "364-Day Credit Agreement" and, together with the 5-Year Credit Agreement, the "Credit Agreements") by and among the Borrower, the Administrative Agent and certain financial institutions from time to time party thereto (collectively, the "364-Day Lenders" and together with the 5-Year Lenders, the "Lenders") which Credit Agreements provide, subject to the terms and conditions thereof, for extensions of credit and other financial accommodations by the Lenders to the Borrower;

WHEREAS, it is a condition precedent to the extensions of credit by the Lenders under each Credit Agreement that each of the Guarantors (constituting all of the Domestic Subsidiaries of the Borrower required to execute this Guaranty pursuant to Section 5.09 of each Credit Agreement) execute and deliver this Guaranty, whereby each of the Guarantors, without limitation and with full recourse, shall guarantee the payment when due of all Obligations, including, without limitation, all principal, interest, letter of credit reimbursement obligations and other amounts that shall be at any time payable by the Borrower under the Credit Agreements or the other Credit Documents; and

WHEREAS, in consideration of the direct and indirect financial and other support that the Borrower has provided, and such direct and indirect financial and other support as the Borrower may in the future provide, to the Guarantors, and in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreements, each of the Guarantors is willing to guarantee the Obligations under the Credit Agreements and the other Credit Documents;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Representations, Warranties and Covenants. In order to induce the Administrative Agent and the Lenders to enter into the Credit Agreements and to make the Loans and the other financial accommodations to the Borrower and to issue the Letters of Credit described in the Credit Agreements, each of the Guarantors represents and warrants to each Lender and the Administrative Agent as of the date of this Agreement, giving effect to the consummation of the transactions contemplated by the Credit Documents on the Closing Date, and thereafter on each date as required by Section 4.02 of the Credit Agreements that:

(a) It (i) is a corporation, partnership or limited liability company duly incorporated or organized, as the case may be, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, (ii) is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction where the business by it makes such qualification necessary, except where the failure to qualify could not reasonably be expected to have a Material Adverse Effect, and (iii) has all requisite corporate, partnership or limited liability company power and authority, as the case may be, to own, operate and encumber its property and to conduct its business in each jurisdiction in which its business is conducted.

(b) It has the requisite corporate, limited liability company or partnership, as applicable, power and authority and legal right to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery by it of this Guaranty and the performance by each of its obligations hereunder have been duly authorized by proper proceedings, and this Guaranty constitutes a legal, valid and binding obligation of each Guarantor, enforceable against such Guarantor, in accordance with its terms, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), and (iii) requirements of reasonableness, good faith and fair dealing.

(c) Neither the execution and delivery by it of this Guaranty, nor the consummation by it of the transactions herein contemplated, nor compliance by it with the terms and provisions hereof, will (i) conflict with the charter or other organizational documents of such Guarantor, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any law, rule, regulation, order, writ, judgment, injunction, decree or award (including, without limitation, any environmental property transfer laws or regulations) applicable to such Guarantor or any provisions of any indenture, instrument or agreement to which such Guarantor is party or is subject or which it or its property is bound or affected, or require termination of any such indenture, instrument or agreement, except where such conflict, breach or default could not reasonably be expected to have a Material Adverse Effect, (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of such Guarantor, other than Liens permitted or created by the Credit Documents, or (iv) require any approval of such Guarantor's board of directors or shareholders or unitholders except such as

have been obtained. Except as set forth in Section 3.03 of the Credit Agreements the execution, delivery and performance by the Guarantors of each of the Credit Documents to which such Guarantor is a party do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any governmental authority, including under any environmental property transfer laws or regulations, except filings, consents or notices which have been made.

(d) It has no Debt other than Debt permitted under Section 6.01 of the Credit Agreements.

In addition to the foregoing, each of the Guarantors covenants that, so long as any Lender has any Commitment outstanding under any Credit Agreement or any amount payable under any Credit Agreement or any other Obligations shall remain unpaid, it will, and, if necessary, will enable the Borrower to, fully comply with those covenants and agreements of the Borrower applicable to such Guarantor set forth in such Credit Agreement.

Section 2. The Guaranty. Each of the Guarantors hereby unconditionally guarantees, jointly and severally with the other Guarantors, the full and punctual payment and performance when due (whether at stated maturity, upon acceleration or otherwise) of the Obligations, including, without limitation, (i) the principal of and interest on each Revolving Loan made to the Borrower pursuant to any Credit Agreement, (ii) any reimbursement obligations in respect of LC Disbursements of the Borrower or the performance by it of such reimbursement obligations, (iii) all other amounts payable by the Borrower under any Credit Agreement and the other Credit Documents, including, without limitation, all obligations under Hedging Agreements, and (iv) the punctual and faithful performance, keeping, observance, and fulfillment by the Borrower of all of the agreements, conditions, covenants, and obligations of the Borrower contained in the Credit Documents (all of the foregoing being referred to collectively as the "Guaranteed Obligations"). Upon (x) the failure by the Borrower, or any of its Affiliates, as applicable, to pay punctually any such amount or perform such obligation, and (y) such failure continuing beyond any applicable grace or notice and cure period, each of the Guarantors agrees that it shall forthwith on demand pay such amount or perform such obligation at the place and in the manner specified in the relevant Credit Agreement or the relevant Credit Document, as the case may be. Each of the Guarantors hereby agrees that this Guaranty is an absolute, irrevocable and unconditional guaranty of payment and is not a guaranty of collection.

Section 3. Guaranty Unconditional. The obligations of each of the Guarantors hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, indulgence, compromise, waiver or release of or with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations, whether (in any such case) by operation of law or otherwise, or any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or

with respect to any obligation of any other guarantor of any of the Guaranteed Obligations;

(ii) any modification or amendment of or supplement to any Credit Agreement, any Hedging Agreement or any other Credit Document, including, without limitation, any such amendment which may increase the amount of, or the interest rates applicable to, any of the Guaranteed Obligations guaranteed hereby;

(iii) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Guaranteed Obligations or any part thereof, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any person or entity with respect to the Guaranteed Obligations or any part thereof, or any nonperfection or invalidity of any direct or indirect security for the Guaranteed Obligations;

(iv) any change in the corporate, partnership or other existence, structure or ownership of the Borrower or any other guarantor of any of the Guaranteed Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other guarantor of the Guaranteed Obligations, or any of their respective assets or any resulting release or discharge of any obligation of the Borrower or any other guarantor of any of the Guaranteed Obligations;

(v) the existence of any claim, setoff or other rights which the Guarantors may have at any time against the Borrower, any other guarantor of any of the Guaranteed Obligations, the Administrative Agent, any Holder of Secured Obligations or any other Person, whether in connection herewith or in connection with any unrelated transactions, *provided* that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Guaranteed Obligations or any part thereof, or any other invalidity or unenforceability relating to or against the Borrower or any other guarantor of any of the Guaranteed Obligations, for any reason related to any Credit Agreement, any Hedging Agreement or any other Credit Document, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower or any other guarantor of the Guaranteed Obligations, of any of the Guaranteed Obligations;

(vii) the failure of the Administrative Agent to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Guaranteed Obligations, if any;

(viii) the election by, or on behalf of, any one or more of the Holders of Secured Obligations, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;

- (ix) any borrowing or grant of a security interest by the Borrower, as debtor-in-possession, under Section 364 of the Bankruptcy Code;
- (x) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the claims of the Holders of Secured Obligations or the Administrative Agent for repayment of all or any part of the Guaranteed Obligations;
- (xi) the failure of any other guarantor to sign or become party to this Guaranty or any amendment, change, or reaffirmation hereof; or
- (xii) any other act or omission to act or delay of any kind by the Borrower, any other guarantor of the Guaranteed Obligations, the Administrative Agent, any Holder of Secured Obligations or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 3, constitute a legal or equitable discharge of any Guarantor's obligations hereunder.

Section 4. Discharge Only Upon Payment In Full; Reinstatement In Certain Circumstances. Each of the Guarantors' obligations hereunder shall remain in full force and effect until all Guaranteed Obligations (other than contingent indemnity obligations and Obligations in respect of Hedging Agreements) shall have been paid in full in cash and the Commitments and all Letters of Credit issued under each Credit Agreement shall have terminated or expired or, in the case of all Letters of Credit, are fully collateralized on terms reasonably acceptable to the Administrative Agent. If at any time any payment of the principal of or interest on any Revolving Loan or reimbursement obligation in respect of LC Disbursements or any other amount payable by the Borrower or any other party under any Credit Agreement, any Hedging Agreement or any other Credit Document is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, each of the Guarantors' obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

Section 5. General Waivers; Additional Waivers.

(A) General Waivers. Each of the Guarantors irrevocably waives acceptance hereof, presentment, demand or action on delinquency, protest and, to the fullest extent permitted by law, any notice not provided for herein or under the other Credit Documents, as well as any requirement that at any time any action be taken by any Person against the Borrower, any other guarantor of the Guaranteed Obligations, or any other Person.

(B) Additional Waivers. Notwithstanding anything herein to the contrary, each of the Guarantors hereby absolutely, unconditionally, knowingly, and expressly waives:

- (i) any right it may have to revoke this Guaranty as to future indebtedness or notice of acceptance hereof;

(ii) (1) notice of acceptance hereof; (2) notice of any loans or other financial accommodations made or extended under the Credit Documents or the creation or existence of any Guaranteed Obligations; (3) notice of the amount of the Guaranteed Obligations, subject, however, to each Guarantor's right to make inquiry of Administrative Agent and Holders of Secured Obligations to ascertain the amount of the Guaranteed Obligations at any reasonable time; (4) notice of any adverse change in the financial condition of the Borrower or of any other fact that might increase such Guarantor's risk hereunder; (5) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Credit Documents; (6) notice of any Default or Event of Default; and (7) all other notices (except if such notice is specifically required to be given to such Guarantor hereunder or under the Credit Documents) and demands to which each Guarantor might otherwise be entitled;

(iii) its right, if any, to require the Administrative Agent and the other Holders of Secured Obligations to institute suit against, or to exhaust any rights and remedies which the Administrative Agent and the other Holders of Secured Obligations have or may have against, the other Guarantors or any third party, or against any Collateral provided by the other Guarantors or any third party; and each Guarantor further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid) of the other Guarantors or by reason of the cessation from any cause whatsoever of the liability of the other Guarantors in respect thereof;

(iv) (a) any rights to assert against the Administrative Agent and the other Holders of Secured Obligations any defense (legal or equitable), set-off, counterclaim, or claim which such Guarantor may now or at any time hereafter have against the other Guarantors or any other party liable to the Administrative Agent and the other Holders of Secured Obligations; (b) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Guaranteed Obligations or any security therefor; and (c) any defense such Guarantor has to performance hereunder, and any right such Guarantor has to be exonerated, arising by reason of: the impairment or suspension of the Administrative Agent's and the other Holders of Secured Obligations' rights or remedies against the other Guarantors; the alteration by the Administrative Agent and the other Holders of Secured Obligations of the Guaranteed Obligations; any discharge of the other Guarantors' obligations to the Administrative Agent and the other Holders of Secured Obligations by operation of law as a result of the Administrative Agent's and the other Holders of Secured Obligations' intervention or omission; or the acceptance by the Administrative Agent and the other Holders of Secured Obligations of anything in partial satisfaction of the Guaranteed Obligations; and

(v) any defense arising by reason of or deriving from (a) any claim or defense based upon an election of remedies by the Administrative Agent and the other Holders of Secured Obligations; or (b) any election by the Administrative Agent and the other Holders of Secured Obligations under Section 1111(b) of Title 11 of the United States

Code entitled "Bankruptcy", as now and hereafter in effect (or any successor statute), to limit the amount of, or any collateral securing, its claim against the Guarantors:

Section 6. Subordination of Subrogation. Until the Guaranteed Obligations have been paid in full in cash and finally performed (other than contingent indemnity obligations and Obligations in respect of the Hedging Agreements) the Guarantors (i) shall have no right of subrogation with respect to such Guaranteed Obligations and (ii) waive any right to enforce any remedy which the Issuing Bank, Holders of Secured Obligations or the Administrative Agent now have or may hereafter have against the Borrower, any endorser or any guarantor of all or any part of the Obligations or any other Person, and until such time the Guarantors waive any benefit of, and any right to participate in, any security or collateral given to the Holders of Secured Obligations and the Administrative Agent to secure the payment or performance of all or any part of the Guaranteed Obligations or any other liability of the Borrower to the Holders of Secured Obligations. Should any Guarantor have the right, notwithstanding the foregoing, to exercise its subrogation rights, each Guarantor hereby expressly and irrevocably (A) subordinates any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off that the Guarantor may have to the payment in full in cash of the Guaranteed Obligations until the Guaranteed Obligations are paid in full in cash (other than contingent indemnity obligations and Obligations in respect of Hedging Agreements) and (B) waives any and all defenses available to a surety, guarantor or accommodation co-obligor until the Guaranteed Obligations are paid in full in cash (other than contingent indemnity obligations other than Obligations in respect of Hedging Agreements). Each Guarantor acknowledges and agrees that this subordination is intended to benefit the Administrative Agent and the Holders of Secured Obligations and shall not limit or otherwise affect such Guarantor's liability hereunder or the enforceability of this Guaranty, and that the Administrative Agent, the Holders of Secured Obligations and their respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 6.

Section 7. Contribution with Respect to Guaranteed Obligations.

(a) To the extent that any Guarantor shall make a payment under this Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Guarantor if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following payment in full in cash of the Guarantor Payment and the Guaranteed Obligations (other than contingent indemnity obligations and Obligations in respect of Hedging Agreements), and all Commitments and Letters of Credit have terminated or expired or, in the case of all Letters of Credit, are fully collateralized on terms reasonably acceptable to the Administrative Agent, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the “Allocable Amount” of any Guarantor shall be equal to the maximum amount of the claim which could then be recovered from such Guarantor under this Guaranty without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 7 is intended only to define the relative rights of the Guarantors, and nothing set forth in this Section 7 is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Guarantor or Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnified Guarantors against other Guarantors under this Section 7 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations (other than contingent indemnity obligations and Obligations in respect of Hedging Agreements) in full in cash and the termination or expiry (or in the case of all Letters of Credit full collateralization), on terms reasonably acceptable to the Administrative Agent, of the Commitments and all Letters of Credit issued under the Credit Agreements.

Section 8. Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Borrower under any Credit Agreement, any counterparty to any Hedging Agreement or any other Credit Document is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or any of their Affiliates, all such amounts otherwise subject to acceleration under the terms of any Credit Agreement, any Hedging Agreement or any other Credit Document shall nonetheless be payable by each of the Guarantors hereunder forthwith on demand by the Administrative Agent.

Section 9. Notices. All notices, requests and other communications to any party hereunder shall be given in the manner prescribed in Section 9.01 of the Credit Agreement with respect to the Administrative Agent at its notice address therein and, with respect to any Guarantor, in the care of the Borrower at the address of the Borrower set forth in the Credit Agreement, or such other address or telecopy number as such party may hereafter specify for such purpose by notice to the Administrative Agent in accordance with the provisions of such Section 9.01.

Section 10. No Waivers. No failure or delay by the Administrative Agent or any Holders of Secured Obligations in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Guaranty, any Credit Agreement, any Hedging Agreement and the other Credit Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 11. Successors and Assigns. This Guaranty is for the benefit of the Administrative Agent and the Holders of Secured Obligations and their respective successors and permitted assigns, provided, that no Guarantor shall have any right to assign its rights or obligations hereunder without the consent of the Administrative Agent, and any such assignment in violation of this Section 11 shall be null and void; and in the event of an assignment of any amounts payable under any Credit Agreement, any Hedging Agreement or the other Credit Documents in accordance with the respective terms thereof, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty shall be binding upon each of the Guarantors and their respective successors and assigns.

Section 12. Changes in Writing. Other than in connection with the addition of additional Subsidiaries, which become parties hereto by executing a Supplement hereto in the form attached as Annex I, neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by each of the Guarantors and the Administrative Agent with the consent of the Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments under both Credit Agreements at such time (or more, if required pursuant to the terms of any Credit Agreement).

Section 13. CHOICE OF LAW. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

Section 14. CONSENT TO JURISDICTION; JURY TRIAL.

(A) CONSENT TO JURISDICTION. EACH GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY CREDIT DOCUMENTS AND EACH GUARANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY HOLDER OF SECURED OBLIGATIONS TO BRING PROCEEDINGS AGAINST ANY GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GUARANTOR AGAINST THE ADMINISTRATIVE AGENT OR ANY HOLDER OF SECURED OBLIGATIONS OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY HOLDER OF SECURED OBLIGATIONS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT SHALL BE BROUGHT ONLY IN A COURT SITTING IN NEW YORK, NEW YORK.

(B) WAIVER OF JURY TRIAL. EACH GUARANTOR HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

Section 15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guaranty. In the event an ambiguity or question of intent or interpretation arises, this Guaranty shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guaranty.

Section 16. Expenses of Enforcement, Etc. Subject to the terms of the Credit Agreements, if an Event of Default has occurred and is continuing under the 5-Year Credit Agreement, the 5-Year Lenders shall have the right at any time, and, if an Event of Default has occurred and is continuing under the 364-Day Credit Agreement, the 364-Day Lenders shall have the right at any time to direct the Administrative Agent to commence enforcement proceedings with respect to the Guaranteed Obligations. The Guarantors agree to reimburse the Administrative Agent and the Holders of Secured Obligations for any costs and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Administrative Agent and the Holders of Secured Obligations, which attorneys may be employees of the Administrative Agent or the Holders of Secured Obligations) paid or incurred by the Administrative Agent or any Holders of Secured Obligation in connection with the collection and enforcement of amounts due under the Credit Documents, including without

limitation this Guaranty. The Administrative Agent agrees to distribute payments received from any of the Guarantors hereunder to the Holders of Secured Obligations on a pro rata basis for application in accordance with the terms of the respective Credit Agreements.

Section 17. Setoff. At any time after all or any part of the Guaranteed Obligations have become due and payable (by acceleration or otherwise), each Holder of Secured Obligations and the Administrative Agent may, without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of all or any part of the Guaranteed Obligations (i) any indebtedness due or to become due from such Holder of Secured Obligations or the Administrative Agent to any Guarantor, and (ii) any moneys, credits or other property belonging to any Guarantor, at any time held by or coming into the possession of such Holder of Secured Obligations or the Administrative Agent or any of their respective affiliates.

Section 18. Financial Information. Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Borrower and any and all endorsers and/or other Guarantors of all or any part of the Guaranteed Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations, or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that none of the Holders of Secured Obligations or the Administrative Agent shall have any duty to advise such Guarantor of information known to any of them regarding such condition or any such circumstances. In the event any Holder of Secured Obligations or the Administrative Agent, in its sole discretion, undertakes at any time or from time to time to provide any such information to a Guarantor, such Holder of Secured Obligations or the Administrative Agent shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Holder of Secured Obligations or the Administrative Agent, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (iii) to make any other or future disclosures of such information or any other information to such Guarantor.

Section 19. Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

Section 20. Merger. This Guaranty represents the final agreement of each of the Guarantors with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Guarantor and any Holder of Secured Obligations or the Administrative Agent.

Section 21. Headings. Section headings in this Guaranty are for convenience of reference only and shall not govern the interpretation of any provision of this Guaranty.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, each Initial Guarantor has caused this Guaranty to be duly executed by its authorized officer as of the day and year first above written.

INERGY PROPANE, LLC, as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY TRANSPORTATION, LLC, as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY FINANCE CORP., as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

STELLAR PROPANE SERVICE, LLC, as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

Acknowledged and Agreed to:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ Jane Bek Kiel
Name: Jane Bek Kiel
Title: Director

L & L TRANSPORTATION, LLC, as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY SALES & SERVICE, INC., as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY ACQUISITION COMPANY, LLC, as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY GAS, LLC, as a Guarantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

Signature Page to Guaranty

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this "Security Agreement") is entered into as of December 17, 2004 by and among INERGY, L.P., a Delaware limited partnership (the "Borrower") and the other Subsidiaries of the Borrower listed on the signature pages hereto (together with the Borrower, the "Initial Grantors," and together with any additional Domestic Subsidiaries, whether now existing or hereafter formed which become parties to this Security Agreement by executing a Supplement hereto in substantially the form of Annex I, the "Grantors"), and JPMORGAN CHASE BANK, N.A., a national banking association, in its capacity as administrative agent (the "Administrative Agent") for the lenders party to the Credit Agreements referred to below (collectively, the "Lenders").

PRELIMINARY STATEMENT

The Borrower is party to (i) a 5-Year Credit Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "5-Year Credit Agreement"), by and among the Borrower, the Administrative Agent, and certain financial institutions from time to time party thereto (collectively, the "5-Year Lenders") and (ii) a 364-Day Credit Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "364-Day Credit Agreement" and, together with the 5-Year Credit Agreement, the "Credit Agreements") by and among the Borrower, the Administrative Agent and certain financial institutions from time to time party thereto (together with the 5-Year Lenders, the "Lenders"). The Grantors are entering into this Security Agreement in order to induce the Lenders to enter into and extend credit to the Borrower under the Credit Agreements.

ACCORDINGLY, the Grantors and the Administrative Agent, on behalf of the Holders of Secured Obligations, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1. Terms Defined in Credit Agreements. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreements.

1.2. Terms Defined in New York UCC. Terms defined in the New York UCC which are not otherwise defined in this Security Agreement are used herein as defined in the New York UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the Preliminary Statement, the following terms shall have the following meanings:

“Accounts” shall have the meaning set forth in Article 9 of the New York UCC.

“Article” means a numbered article of this Security Agreement, unless another document is specifically referenced.

“Chattel Paper” shall have the meaning set forth in Article 9 of the New York UCC.

“Collateral” means all Accounts, Chattel Paper, Commercial Tort Claims, Documents, Equipment, Fixtures, Goods, General Intangibles, Instruments, Inventory, Investment Property, Pledged Deposits, Supporting Obligations and Other Collateral, wherever located, in which any Grantor now has or hereafter acquires any right or interest, and the proceeds (including Stock Rights), insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto.

“Commercial Tort Claims” means those certain currently existing commercial tort claims of any Grantor, including each commercial tort claim specifically described in Exhibit “F”.

“Control” shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the New York UCC.

“Default” means an event described in Section 5.1 hereof.

“Deposit Accounts” shall have the meaning set forth in Article 9 of the New York UCC.

“Documents” shall have the meaning set forth in Article 9 of the New York UCC.

“Equipment” shall have the meaning set forth in Article 9 of the New York UCC.

“Exhibit” refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

“Fixtures” shall have the meaning set forth in Article 9 of the New York UCC.

“General Intangibles” shall have the meaning set forth in Article 9 of the New York UCC.

“Goods” shall have the meaning set forth in Article 9 of the New York UCC.

“Instruments” shall have the meaning set forth in Article 9 of the New York UCC.

“Inventory” shall have the meaning set forth in Article 9 of the New York UCC.

“Investment Property” shall have the meaning set forth in Article 9 of the New York UCC.

“New York UCC” means the New York Uniform Commercial Code as in effect from time to time.

“Other Collateral” means any property of the Grantors, not included within the defined terms Accounts, Chattel Paper, Commercial Tort Claims, Documents, Equipment, Fixtures, General Intangibles, Instruments, Inventory, Investment Property and Pledged Deposits, including, without limitation, all cash on hand, letter-of-credit rights, letters of credit, Stock Rights and Deposit Accounts or other deposits (general or special, time or demand, provisional or final) with any bank or other financial institution, it being intended that the Collateral include all personal property of the Grantors and motor vehicles to the extent required by Section 5.13 and Article VIII of the Credit Agreement.

“Pledged Deposits” means all time deposits of money (other than Deposit Accounts and Instruments), whether or not evidenced by certificates, which a Grantor may from time to time designate as pledged to the Administrative Agent or to any Holder of Secured Obligations as security for any Obligations, and all rights to receive interest on said deposits.

“Receivables” means the Accounts, Chattel Paper, Documents, Investment Property, Instruments or Pledged Deposits, and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

“Required Lenders” means, at any time, the Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments under the Credit Agreements.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Security” has the meaning set forth in Article 8 of the New York UCC.

“Stock Rights” means any Securities, dividends or other distributions and any other right or property which any Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral and any Securities, any right to receive Securities and any right to receive earnings, in which any Grantor now has or hereafter acquires any right, issued by an issuer of such Securities.

“Supporting Obligation” shall have the meaning set forth in Article 9 of the New York UCC.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

GRANT OF SECURITY INTEREST

Each of the Grantors hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Holders of Secured Obligations and (to the extent specifically provided herein) their Affiliates, a security interest in all of such Grantor’s right, title

and interest, whether now owned or hereafter acquired, in and to the Collateral to secure the prompt and complete payment and performance of the Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the Initial Grantors represents and warrants to the Administrative Agent and the Holders of Secured Obligations, and each Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement in substantially the form of Annex I represents and warrants (after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement), that:

3.1. Title, Authorization, Validity and Enforceability. Such Grantor has good and valid rights in or the power to transfer the Collateral owned by it and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1.6 hereof, and has full corporate, limited liability company or partnership, as applicable, power and authority to grant to the Administrative Agent the security interest in such Collateral pursuant hereto. The execution and delivery by such Grantor of this Security Agreement has been duly authorized by proper corporate, limited liability company or partnership, as applicable, proceedings, and this Security Agreement constitutes a legal, valid and binding obligation of such Grantor and creates a security interest which is enforceable against such Grantor in all Collateral it now owns or hereafter acquires, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), and (iii) requirements of reasonableness, good faith and fair dealing. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit "E", the Administrative Agent will have a fully perfected first priority security interest in the Collateral owned by such Grantor in which a security interest may be perfected by such filings, subject only to Liens permitted under Section 4.1.6 hereof.

3.2. Conflicting Laws and Contracts. Neither the execution and delivery by such Grantor of this Security Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Grantor, or (ii) such Grantor's Organic Documents, or (iii) the provisions of any material indenture, instrument or agreement to which such Grantor is a party or is subject, or by which it, or its property may be bound or affected, or conflict with or constitute a default thereunder, except where such violation, conflict or default could not reasonably be expected to have a Material Adverse Effect, or result in or require the creation or imposition of any Lien in, of or on the property of such Grantor pursuant to the terms of any such material indenture, instrument or agreement (other than any Lien of the Administrative Agent on behalf of the Holders of Secured Obligations).

3.3. Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), is disclosed in Exhibit "A"; such Grantor has no other places of business except those set forth in Exhibit "A".

3.4. Property Locations. Except for tanks and inventory located on customers' property and motor vehicles, the Inventory, Equipment and Fixtures of each Grantor are located solely at the locations of such Grantor described in Exhibit "A". All of said locations are owned by such Grantor except for locations (i) which are leased by such Grantor as lessee and designated in Part B of Exhibit "A" and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment by such Grantor as designated in Part C of Exhibit "A", with respect to which Inventory such Grantor has delivered bailment agreements, warehouse receipts, financing statements or other documents satisfactory to the Administrative Agent to protect the Administrative Agent's and the Holders of Secured Obligations' security interest in such Inventory.

3.5. No Other Names. Except as described in Exhibit "H", such Grantor has not conducted business under any name except the name in which it has executed this Security Agreement, which is the exact name as it appears in such Grantor's Organic Documents, as amended, as filed with such Grantor's jurisdiction of organization as of the Closing Date.

3.6. No Default. No Default or Event of Default exists.

3.7. Accounts and Chattel Paper. The names of the obligors, amounts owing, due dates and other information with respect to the Accounts and Chattel Paper owned by such Grantor are and will be correctly stated in all records of such Grantor relating thereto and in all invoices and reports with respect thereto furnished to the Administrative Agent by such Grantor from time to time. As of the time when each Account or each item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all respects what they purport to be.

3.8. Filing Requirements. None of the Equipment owned by such Grantor is covered by any certificate of title, except for the vehicles described in Part A of Exhibit "B". None of the Collateral owned by such Grantor is of a type for which security interests or liens may be perfected by filing under any federal statute except for (i) the vehicles described in Part B of Exhibit "B" and (ii) patents, trademarks and copyrights held by such Grantor and described in Part C of Exhibit "B". The street address of the property on which any Fixtures owned by such Grantor are located is set forth in Exhibit "C" together with the name and address of the record owner of each such property.

3.9. No Financing Statements. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed in any jurisdiction except financing statements (i) naming the Administrative Agent on behalf of the Holders of Secured Obligations as the secured party and (ii) in respect of Liens permitted by Section 6.02 of any Credit Agreement; provided, that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Administrative Agent

under the Credit Documents to any Liens otherwise permitted under Section 6.02 of any Credit Agreement.

3.10. **Federal Employer Identification Number; State Organization Number; Jurisdiction of Organization.** Such Grantor's federal employer identification number is, and if such Grantor is a registered organization, such Grantor's State of organization, type of organization and State of organization identification number is, as follows:

<u>GRANTOR</u>	<u>Federal Employer Identification Number</u>	<u>Type of Organization</u>	<u>State of Organization or Incorporation</u>	<u>State Organization Number</u>
INERGY, L.P.	43-1918951	Limited Partnership	Delaware	3365578
L&L TRANSPORTATION, LLC	43-1905384	Limited Liability Company	Delaware	3293748
INERGY TRANSPORTATION, LLC	43-1905383	Limited Liability Company	Delaware	3293746
INERGY SALES & SERVICE, INC.	43-1931522	Corporation	Delaware	3363846
INERGY PROPANE, LLC	56-1995482	Limited Liability Company	Delaware	2678540
INERGY FINANCE CORP.	20-1647744	Corporation	Delaware	3857399
INERGY ACQUISITION COMPANY, LLC	20-1647837	Limited Liability Company	Delaware	3857400
INERGY GAS, LLC		Limited Liability Company	Delaware	
STELLAR PROPANE SERVICE, LLC	86-1123848	Limited Liability Company	Delaware	3881149

3.11. Pledged Securities and Other Investment Property. Exhibit “D” sets forth a complete and accurate list of the Instruments, Securities and other Investment Property delivered to the Administrative Agent. Each Grantor is the direct and beneficial owner of each Instrument, Security and other type of Investment Property listed on Exhibit “D” as being owned by it, free and clear of any Liens, except for the security interest granted to the Administrative Agent for the benefit of the Holders of Secured Obligations hereunder or as permitted by Section 6.02 of any Credit Agreement. Each Grantor further represents and warrants that (i) all such Instruments, Securities or other types of Investment Property which are shares of stock in a corporation or ownership interests in a partnership or limited liability company have been (to the extent such concepts are relevant with respect to such Instrument, Security or other type of Investment Property) duly and validly issued, are fully paid and non-assessable and constitute the percentage of the issued and outstanding shares of stock (or other equity interests) of the respective issuers thereof indicated on Exhibit “D” hereto and (ii) with respect to any certificates delivered to the Administrative Agent representing an ownership interest in a partnership or limited liability company, either such certificates are Securities as defined in Article 8 of the New York UCC of the applicable jurisdiction as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Administrative Agent so that the Administrative Agent may take steps to perfect its security interest therein as a General Intangible.

ARTICLE IV

COVENANTS

From the date of this Security Agreement and thereafter until this Security Agreement is terminated, each of the Initial Grantors agrees, and from and after the effective date of any Security Agreement Supplement applicable to any Grantor (and after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement) and thereafter until this Security Agreement is terminated each such subsequent Grantor agrees:

4.1. General.

4.1.1 Inspection. Each Grantor will permit the Administrative Agent or any Holder of Secured Obligations, by its representatives and agents (i) to inspect the Collateral, (ii) to examine and make copies of the records of such Grantor relating to the Collateral and (iii) to discuss the Collateral and the related records of such Grantor with, and to be advised as to the same by, such Grantor’s officers and employees (and, in the case of any Receivable, with any person or entity which is or may be obligated thereon), at all such reasonable times and intervals as the Administrative Agent or such Holder of Secured Obligations may determine, and all at such Grantor’s expense.

4.1.2 Taxes. Such Grantor will pay when due all taxes, assessments and governmental charges and levies upon the Collateral owned by such Grantor, except (i) those which are being contested in good faith by appropriate proceedings and with

respect to which adequate reserves have been set aside in accordance with GAAP and with respect to which no Lien exists, and (ii) those which by reason of the amount involved or the remedies available to the taxing authority could not reasonably be expected to have a Material Adverse Effect.

4.1.3 Records and Reports; Notification of Default. Each Grantor shall keep and maintain complete, accurate and proper books and records with respect to the Collateral owned by such Grantor, and furnish to the Administrative Agent, with sufficient copies for each of the Holders of Secured Obligations, such reports relating to the Collateral as the Administrative Agent shall from time to time reasonably request. Each Grantor will give prompt notice in writing to the Administrative Agent and the Lenders of the occurrence of any Default or Event of Default and of any other development, financial or otherwise, which might materially and adversely affect the Collateral.

4.1.4 Financing Statements and Other Actions; Defense of Title. Each Grantor hereby authorizes the Administrative Agent to file, all financing statements describing the Collateral owned by such Grantor and take such other actions as may from time to time reasonably be requested by the Administrative Agent in order to maintain a first perfected security interest in and, if applicable, Control of, the Collateral owned by such Grantor, subject to Liens permitted under Section 6.02 of any Credit Agreement, provided that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Administrative Agent under the Credit Documents to any Liens otherwise permitted under Section 6.02 of any Credit Agreement. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Administrative Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure that the perfection of the security interest in the Collateral granted to the Administrative Agent herein, including, without limitation, describing such property as "all assets" or "all personal property, whether now owned or hereafter acquired." Each Grantor will take any and all actions necessary to defend title to the Collateral owned by such Grantor against all persons and to defend the security interest of the Administrative Agent in such Collateral and the priority thereof against any Lien not expressly permitted hereunder.

4.1.5 Disposition of Collateral. No Grantor will sell, lease or otherwise dispose of the Collateral owned by such Grantor except (i) dispositions specifically permitted pursuant to Section 6.03 of any Credit Agreement and (ii) until such time as such Grantor receives a notice from the Administrative Agent pursuant to Article VII, proceeds of Inventory and Accounts collected in the ordinary course of business.

4.1.6 Liens. No Grantor will create, incur, or suffer to exist any Lien on the Collateral owned by such Grantor except Liens permitted pursuant to Section 6.02 of any Credit Agreement, provided, that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Administrative Agent under the Credit Documents to any Liens otherwise permitted under Section 6.02 of any Credit Agreement.

4.1.7 Change in Corporate Existence, Type or Jurisdiction of Organization, Location, Name. Each Grantor will:

- (i) preserve its existence and entity structure as in effect on the Closing Date;
- (ii) not change its jurisdiction of organization;
- (iii) not maintain its place of business (if it has only one) or its chief executive office (if it has more than one place of business) at a location other than a location specified on Exhibit "A," and
- (iv) not (i) have any Inventory, Equipment or Fixtures or proceeds or products thereof (other than Inventory and proceeds thereof disposed of as permitted by Section 4.1.5, motor vehicles, and tanks and inventory located on customers' property) at a location other than a location specified in Exhibit "A" as amended from time to time, (ii) change its name or taxpayer identification number or (iii) change its mailing address,

unless, in each such case, such Grantor shall have given the Administrative Agent not less than 30 days' prior written notice of such event or occurrence and the Administrative Agent shall have either (x) determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Administrative Agent's security interest in the Collateral, or (y) taken such steps (with the cooperation of such Grantor to the extent necessary or advisable) as are necessary or advisable to properly maintain the validity, perfection and priority of the Administrative Agent's security interest in the Collateral owned by such Grantor.

4.1.8 Other Financing Statements. No Grantor will suffer to exist or authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by such Grantor, except any financing statement authorized under Section 4.1.4 hereof and Liens permitted under Section 6.02 of the Credit Agreements.

4.2. Receivables.

4.2.1 Certain Agreements on Receivables. During the occurrence and continuation of a Default, no Grantor will make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof. Prior to the occurrence and continuation of a Default, such Grantor may reduce the amount of Accounts arising from the sale of Inventory or the rendering of services in accordance with its present policies and in the ordinary course of business and as otherwise permitted under the Credit Agreements.

4.2.2 Collection of Receivables. Except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by such Grantor.

4.2.3 Delivery of Invoices. Each Grantor will deliver to the Administrative Agent immediately upon its request, if a Default has occurred and is continuing, duplicate invoices with respect to each Account owned by such Grantor bearing such language of assignment as the Administrative Agent shall specify.

4.2.4 Disclosure of Counterclaims on Receivables. If (i) any material discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on a Receivable owned by such Grantor exists or (ii) if, to the knowledge of such Grantor, any material dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to a Receivable, such Grantor will disclose such fact to the Administrative Agent in writing in connection with the inspection by the Administrative Agent of any record of such Grantor relating to such Receivable and in connection with any invoice or report furnished by such Grantor to the Administrative Agent relating to such Receivable.

4.3. Inventory and Equipment.

4.3.1 Maintenance of Goods. Each Grantor will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment owned by such Grantor in good repair, working order and saleable condition (ordinary wear and tear excepted) and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

4.3.2 Titled Vehicles. Each Grantor will give the Administrative Agent notice of its acquisition of any vehicle covered by a certificate of title and, if required under the terms of the Credit Agreements, deliver to the Administrative Agent, upon request, the original of any vehicle title certificate and do all things necessary to have the Lien of the Administrative Agent noted on any such certificate.

4.4. Instruments, Securities, Chattel Paper, Documents and Pledged Deposits. Each Grantor will (i) at the request of the Administrative Agent, deliver to the Administrative Agent immediately upon execution of this Security Agreement the originals of all Chattel Paper, Securities and Instruments constituting Collateral (if any then exist), other than Chattel Paper, Securities and Instruments having a book value which do not exceed \$1,000,000 in the aggregate (except that the Securities evidencing ownership of each Subsidiary (other than an Excluded Subsidiary) will be delivered to the Administrative Agent regardless of value), (ii) hold in trust for the Administrative Agent upon receipt and immediately thereafter deliver (except as provided in subsection 4.4(i) above) to the Administrative Agent any Chattel Paper, Securities and Instruments constituting Collateral, (iii) upon the designation of any Pledged Deposits (as set forth in the definition thereof), deliver to the Administrative Agent such Pledged Deposits which are evidenced by certificates included in the Collateral endorsed in blank, marked with such legends and assigned as the Administrative Agent shall specify, and (iv) upon the Administrative Agent's request, after the occurrence and during the continuance of a Default, deliver to the Administrative Agent (and thereafter hold in trust for the Administrative Agent upon receipt and

immediately deliver to the Administrative Agent) any Document evidencing or constituting Collateral.

4.5. Uncertificated Securities and Certain Other Investment Property. Each Grantor will permit the Administrative Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Investment Property not represented by certificates which are Collateral owned by such Grantor to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Investment Property not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Administrative Agent granted pursuant to this Security Agreement. Each Grantor will use all commercially reasonable efforts, with respect to Investment Property constituting Collateral owned by such Grantor held with a financial intermediary, to cause such financial intermediary to enter into a control agreement with the Administrative Agent in form and substance reasonably satisfactory to the Administrative Agent.

4.6. Stock and Other Ownership Interests.

4.6.1 Changes in Capital Structure of Issuers. Except as permitted in the Credit Agreements, no Grantor will (i) to the extent such Grantor owns a controlling interest therein, permit or suffer any issuer of privately held corporate securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral owned by such Grantor to dissolve, liquidate, retire any of its capital stock or other Instruments or Securities evidencing ownership, reduce its capital or merge or consolidate with any other entity, or (ii) vote any of the Instruments, Securities or other Investment Property in favor of any of the foregoing except to the extent permitted under Section 6.03 of any Credit Agreement.

4.6.2 Issuance of Additional Securities. To the extent such Grantor owns a Controlling interest therein, no Grantor will permit or suffer the issuer of privately held corporate securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral to issue any such securities or other ownership interests, any right to receive the same or any right to receive earnings, except to such Grantor.

4.6.3 Registration of Pledged Securities and other Investment Property. Each Grantor will permit any registerable Collateral owned by such Grantor to be registered in the name of the Administrative Agent or its nominee at any time at the option of the Required Lenders following the occurrence and during the continuance of an Event of Default and without any further consent of such Grantor.

4.6.4 Exercise of Rights in Pledged Securities and other Investment Property. Each Grantor will permit the Administrative Agent or its nominee at any time after a Default has occurred and is continuing, without notice, to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Collateral owned by such Grantor or any part thereof, and to receive all dividends and interest in respect of such Collateral.

4.7. Deposit Accounts. Each Grantor will (i) upon the Administrative Agent's request, use commercially reasonable efforts to cause each bank or other financial institution in which it maintains (a) a Deposit Account to enter into a control agreement with the Administrative Agent, in form and substance satisfactory to the Administrative Agent in order to give the Administrative Agent Control of the Deposit Account or (b) other deposits (general or special, time or demand, provisional or final) to be notified of the security interest granted to the Administrative Agent hereunder and use commercially reasonable efforts to cause each such bank or other financial institution to acknowledge such notification in writing and (ii) upon the Administrative Agent's request after the occurrence and during the continuance of a Default, deliver to each such bank or other financial institution a letter, in form and substance acceptable to the Administrative Agent, transferring ownership of the Deposit Account to the Administrative Agent or transferring dominion and control over each such other deposit to the Administrative Agent until such time as no Default exists. In the case of deposits maintained with Lenders, the terms of such letter shall be subject to the provisions of the Credit Agreements regarding setoffs.

4.8. Letter-of-Credit Rights. Each Grantor will, upon the Administrative Agent's request, use commercially reasonable efforts to cause each issuer of a letter of credit, to consent to the assignment of proceeds of the letter of credit in order to give the Administrative Agent Control of the letter-of-credit rights to such letter of credit.

4.9. Federal, State or Municipal Claims. Each Grantor will notify the Administrative Agent of any Collateral owned by such Grantor which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law at any time when the aggregate book value of such Collateral is greater than \$500,000.

4.10. Intellectual Property. If, after the date hereof, any Grantor obtains rights to, or applies for or seeks registration of, any new patentable invention, trademark or copyright in addition to the patents, trademarks and copyrights described in Part C of Exhibit "B", which are all of such Grantor's patents, trademarks and copyrights as of the Closing Date, then such Grantor shall give the Administrative Agent notice thereof, as part of each compliance certificate provided to the Administrative Agent pursuant to any Credit Agreement. Each Grantor agrees promptly upon request by the Administrative Agent to execute and deliver to the Administrative Agent any supplement to this Security Agreement or any other document reasonably requested by the Administrative Agent to evidence such security interest in a form appropriate for recording in the applicable federal office. Each Grantor also hereby authorizes the Administrative Agent to modify this Security Agreement unilaterally (i) by amending Part C of Exhibit "B" to include any future patents, trademarks and/or copyrights of which the Administrative Agent receives notification from such Grantor pursuant hereto and (ii) by recording, in addition to and not in substitution for this Security Agreement, a duplicate original of this Security Agreement containing in Part C of Exhibit "B" a description of such future patents, trademarks and/or copyrights.

4.11. Commercial Tort Claims. If, after the date hereof, any Grantor identifies the existence of a commercial tort claim belonging to such Grantor that has arisen in the course of such Grantor's business in addition to the commercial tort claims described in Exhibit "F",

which are all of such Grantor's commercial tort claims as of the Closing Date, then such Grantor shall give the Administrative Agent prompt notice thereof, but in any event not less frequently than quarterly. Each Grantor agrees promptly upon request by the Administrative Agent to execute and deliver to the Administrative Agent any supplement to this Security Agreement or any other document reasonably requested by the Administrative Agent to evidence the grant of a security interest therein in favor of the Administrative Agent.

ARTICLE V

DEFAULT

5.1. The occurrence of any one or more of the following events shall constitute a Default:

5.1.1 Any material portion of the Collateral shall be transferred or otherwise disposed of, either voluntarily or involuntarily, in any manner not permitted by Section 4.1.5 or 8.7 hereof or shall be lost, stolen, damaged or destroyed and such loss, theft, damage or destruction is not fully insured (subject to reasonable deductibles or self-insurance to the extent permitted by the Credit Agreement).

5.1.2 The occurrence of any "Event of Default" under, and as defined in, any Credit Agreement.

5.2. Acceleration and Remedies. Upon the acceleration of the Obligations under any Credit Agreement pursuant to Article VII thereof, the Obligations under such Credit Agreement and, to the extent provided for under the Hedging Agreements evidencing the same, the Obligations under the Hedging Agreements, shall immediately become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and the Administrative Agent may, with the concurrence or at the direction of the Required Lenders, exercise any or all of the following rights and remedies:

5.2.1 Those rights and remedies provided in this Security Agreement, any Credit Agreement, or any other Credit Document, provided that this Section 5.2.1 shall not be understood to limit any rights or remedies available to the Administrative Agent and the Holders of Secured Obligations prior to a Default.

5.2.2 Those rights and remedies available to a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement.

5.2.3 Without notice except as specifically provided in Section 8.1 hereof or elsewhere herein, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable.

The Administrative Agent, on behalf of the secured parties, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and such compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

If, after each Credit Agreement has terminated by its terms and all of the Obligations have been paid in full, there remain outstanding obligations under the Hedging Agreements, the Required Lenders may exercise the remedies provided in this [Section 5.2](#) upon the occurrence of any event which would allow or require the termination or acceleration of any obligations under the Hedging Agreements pursuant to the terms of any Hedging Agreement.

5.3. Grantors' Obligations Upon Default. Upon the request of the Administrative Agent if a Default has occurred and is continuing, each Grantor will:

5.3.1 Assembly of Collateral. Assemble and make available to the Administrative Agent the Collateral and all records relating thereto at any place or places specified by the Administrative Agent.

5.3.2 Secured Party Access. Permit the Administrative Agent, by the Administrative Agent's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

5.4. License. The Administrative Agent is hereby granted a license or other right to use, following the occurrence and during the continuance of a Default, without charge, each Grantor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and, following the occurrence and during the continuance of a Default, such Grantor's rights under all licenses and all franchise agreements shall inure to the Administrative Agent's benefit. In addition, each Grantor hereby irrevocably agrees that the Administrative Agent may, following the occurrence and during the continuance of a Default, sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased such Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Security Agreement, may sell Inventory which bears any trademark owned by or licensed to such Grantor and any Inventory that is covered by any copyright owned by or licensed to such Grantor and the Administrative Agent may finish any work in process and affix any trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

ARTICLE VI

WAIVERS, AMENDMENTS AND REMEDIES

No delay or omission of the Administrative Agent or any Holder of Secured Obligations to exercise any right or remedy granted under this Security Agreement shall impair such right or

remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Administrative Agent with the concurrence or at the direction of the (a) Required Lenders and (b) each Grantor, and then only to the extent in such writing specifically set forth, provided that the addition of any Domestic Subsidiary as a Grantor hereunder by execution of a Security Agreement Supplement in the form of Annex I (with such modifications as shall be acceptable to the Administrative Agent) shall not require receipt of any consent from or execution of any documentation by any other Grantor party hereto. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Holders of Secured Obligations until the Obligations have been paid in full.

ARTICLE VII

PROCEEDS; COLLECTION OF RECEIVABLES

7.1. Lockboxes. Upon request of the Administrative Agent after the occurrence and during the continuance of a Default, each Grantor shall execute and deliver to the Administrative Agent irrevocable lockbox agreements in the form provided by or otherwise acceptable to the Administrative Agent, which agreements shall be accompanied by an acknowledgment by the bank where the lockbox is located of the Lien of the Administrative Agent granted hereunder and of irrevocable instructions to wire all amounts collected therein to a special collateral account at the Administrative Agent.

7.2. Collection of Receivables. The Administrative Agent may at any time after the occurrence and during the continuation of a Default, by giving each Grantor written notice, elect to require that the Receivables be paid directly to the Administrative Agent for the benefit of the Holders of Secured Obligations. In such event, each Grantor shall, and shall permit the Administrative Agent to, promptly notify the account debtors or obligors under the Receivables owned by such Grantor of the Administrative Agent's interest therein and direct such account debtors or obligors to make payment of all amounts then or thereafter due under such Receivables directly to the Administrative Agent. Upon receipt of any such notice from the Administrative Agent, each Grantor shall thereafter hold in trust for the Administrative Agent, on behalf of the Holders of Secured Obligations, all amounts and proceeds received by it with respect to the Receivables and Other Collateral and immediately and at all times thereafter deliver to the Administrative Agent all such amounts and proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements. The Administrative Agent shall hold and apply funds so received as provided by the terms of Sections 7.3 and 7.4 hereof.

7.3. Special Collateral Account. The Administrative Agent may at any time after the occurrence and during the continuation of a Default require all cash proceeds of the Collateral to be deposited in a special non-interest bearing cash collateral account with the Administrative Agent and held there as security for the Obligations. No Grantor shall have any control whatsoever over said cash collateral account. The Administrative Agent may (and shall, at the

direction of the Required Lenders), from time to time, apply the collected balances in said cash collateral account to the payment of the Obligations whether or not the Obligations shall then be due.

7.4. Application of Proceeds. The proceeds of the Collateral shall be applied by the Administrative Agent to payment of the Obligations in the following order unless a court of competent jurisdiction shall otherwise direct:

(a) FIRST, to payment of all costs and expenses of the Administrative Agent incurred in connection with the collection and enforcement of the Obligations or of the security interest granted to the Administrative Agent pursuant to this Security Agreement;

(b) SECOND, to payment of that portion of the Obligations constituting accrued and unpaid interest and fees, pro rata among the Lenders and their Affiliates in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(c) THIRD, to payment of the principal of the Obligations and the net early termination payments and any other obligations under any Hedging Agreements then due and unpaid from the Borrower to any of the Lenders or their Affiliates, pro rata among the Lenders and their Affiliates in accordance with the amount of such principal and such net early termination payments and other obligations under any Hedging Agreements then due and unpaid owing to each of them;

(d) FOURTH, to payment of any Obligations (other than those listed above) pro rata among those parties to whom such Obligations are due in accordance with the amounts owing to each of them; and

(e) FIFTH, the balance, if any, after all of the Obligations have been satisfied, shall be distributed by the Administrative Agent to the applicable Grantor or at its direction.

ARTICLE VIII

GENERAL PROVISIONS

8.1. Notice of Disposition of Collateral; Condition of Collateral. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Borrower, addressed as set forth in Article IX, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. Administrative Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

8.2. Compromises and Collection of Collateral. Each Grantor and the Administrative Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by

obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Administrative Agent may at any time and from time to time, if a Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Administrative Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Administrative Agent shall be commercially reasonable so long as the Administrative Agent acts in good faith based on information known to it at the time it takes any such action.

8.3. Secured Party Performance of Grantor's Obligations. If a Default has occurred and is continuing, without having any obligation to do so, the Administrative Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and such Grantor shall reimburse the Administrative Agent for any reasonable amounts paid by the Administrative Agent pursuant to this Section 8.3. Each Grantor's obligation to reimburse the Administrative Agent pursuant to the preceding sentence shall be a Obligation payable on demand.

8.4. Authorization for Secured Party to Take Certain Action. Each Grantor irrevocably authorizes the Administrative Agent at any time and from time to time in the sole discretion of the Administrative Agent and appoints the Administrative Agent as its attorney in fact (i) to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) after the occurrence and during the continuation of a Default to indorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Collateral owned by such Grantor and which are Securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Administrative Agent Control over such Securities or other Investment Property, (v) after the occurrence and during the continuation of a Default subject to the terms of Section 4.2 hereof, to enforce payment of the Instruments, Accounts and Receivables in the name of the Administrative Agent or such Grantor, (vi) to apply the proceeds of any Collateral received by the Administrative Agent to the Obligations as provided in Article VII and (vii) after the occurrence and during the continuation of a Default to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder or under any other Credit Document), and each Grantor agrees to reimburse the Administrative Agent on demand for any reasonable payment made or any reasonable expense incurred by the Administrative Agent in connection therewith, provided that this authorization shall not relieve any Grantor of any of its obligations under this Security Agreement or under any Credit Agreement.

8.5. Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1.5, 4.1.6, 4.4, 5.3, or 8.7 or in Article VII hereof will cause irreparable injury to the Administrative Agent and the Holders of Secured Obligations, that the Administrative Agent and Holders of Secured Obligations have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Administrative Agent or the Holders of Secured Obligations to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Grantors.

8.6. Use and Possession of Certain Premises. If a Default has occurred and is continuing, the Administrative Agent shall be entitled to occupy and use any premises owned or leased by the Grantors where any of the Collateral or any records relating to the Collateral are located until the Obligations are paid or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay any Grantor for such use and occupancy.

8.7. Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1.5 hereof and notwithstanding any course of dealing between any Grantor and the Administrative Agent or other conduct of the Administrative Agent, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1.5 hereof) shall be binding upon the Administrative Agent or the Holders of Secured Obligations unless such authorization is in writing signed by the Administrative Agent with the consent or at the direction of the Required Lenders.

8.8. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Administrative Agent and the Holders of Secured Obligations and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Grantors shall not have the right to assign their rights or delegate their obligations under this Security Agreement or any interest herein, without the prior written consent of the Administrative Agent.

8.9. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.10. Taxes and Expenses. The Grantors shall reimburse the Administrative Agent for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Administrative Agent) paid or incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.11. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.12. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until (i) each Credit Agreement has terminated pursuant to its express terms and (ii) all of the Obligations have been paid in full in cash (other than contingent indemnity obligations and obligations under Hedging Agreements) and no commitments of the Administrative Agent or the Holders of Secured Obligations which would give rise to any Obligations are outstanding.

8.13. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Grantors and the Administrative Agent relating to the Collateral and supersedes all prior agreements and understandings between the Grantors and the Administrative Agent relating to the Collateral.

8.14. **CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.**

8.15. Indemnity. Each Grantor hereby agrees, jointly with the other Grantors and severally, to indemnify the Administrative Agent and the Holders of Secured Obligations, and their respective successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Administrative Agent or any Holder of Secured Obligations is a party thereto) imposed on, incurred by or asserted against the Administrative Agent or the Holders of Secured Obligations, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Administrative Agent or the Holders of Secured Obligations or any Grantor, and any claim for patent, trademark or copyright infringement); provided that such indemnity shall not be available to the extent that such loss, claim, damage, liability or related expense is determined by a court of competent jurisdiction by a final and nonappealable order to have resulted from the gross negligence or willful misconduct of the indemnitee.

8.16. Subordination of Intercompany Indebtedness. Each Grantor agrees that any and all claims of such Grantor against any other Grantor (each an "Obligor") with respect to any "Intercompany Indebtedness" (as hereinafter defined), any endorser, obligor or any other guarantor of all or any part of the Obligations, or against any of its properties shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Obligations (other than contingent indemnity obligations and obligations under Hedging Agreements), provided that, and not in contravention of the foregoing, so long as no Default has occurred and is continuing, such Grantor may make loans to and receive payments in the ordinary course of business with respect to such Intercompany Indebtedness from each such

Obligor to the extent not prohibited by the terms of this Security Agreement and the other Credit Documents. Notwithstanding any right of any Grantor to ask, demand, sue for, take or receive any payment from any Obligor, all rights, liens and security interests of such Grantor, whether now or hereafter arising and howsoever existing, in any assets of any other Obligor shall be and are subordinated to the rights of the Holders of Secured Obligations and the Administrative Agent in those assets. No Grantor shall have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the Obligations (other than contingent indemnity obligations and obligations under Hedging Agreements) shall have been fully paid and satisfied (in cash) and all Commitments and Letters of Credit issued under each Credit Agreement have terminated or expired. If all or any part of the assets of any Obligor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Obligor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any such Obligor is dissolved or if substantially all of the assets of any such Obligor are sold, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Grantor ("Intercompany Indebtedness") shall be paid or delivered directly to the Administrative Agent for application on any of the Obligations, due or to become due, until such Obligations (other than contingent indemnity obligations and obligations under Hedging Agreements) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the applicable Grantor upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the satisfaction of all of the Obligations (other than contingent indemnity obligations and obligations under Hedging Agreements) and the termination or expiration of all Commitments of the Lenders and Letters of Credit issued pursuant to the Credit Agreements, such Grantor shall receive and hold the same in trust, as trustee, for the benefit of the Holders of Secured Obligations and shall forthwith deliver the same to the Administrative Agent, for the benefit of the Holders of Secured Obligations, in precisely the form received (except for the endorsement or assignment of the Grantor where necessary), for application to any of the Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Grantor as the property of the Holders of Secured Obligations. If any such Grantor fails to make any such endorsement or assignment to the Administrative Agent, the Administrative Agent or any of its officers or employees is irrevocably authorized to make the same. Each Grantor agrees that until the Obligations (other than the contingent indemnity obligations and obligations under Hedging Agreements) have been paid in full (in cash) and satisfied and all Commitments and Letters of Credit issued under the Credit Agreements have terminated or expired, no Grantor will assign or transfer to any Person (other than the Administrative Agent or the Borrower or another Grantor) any claim any such Grantor has or may have against any Obligor.

8.17. Release of Certain Liens on Motor Vehicles. In the event that a Grantor desires to retire or sell any motor vehicle that is part of the Collateral, the Borrower shall submit to the Administrative Agent a Request for Vehicle Lien Release in the form of Exhibit "G" hereto, and, upon the approval of such request by the Administrative Agent (which approval shall not be unreasonably withheld, conditioned or delayed), the Administrative Agent shall release its priority Lien on such motor vehicle.

ARTICLE IX

NOTICES

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent (and deemed received) in the manner and to the addresses set forth in Section 9.01 of each Credit Agreement. Any notice delivered to the Borrower shall be deemed to have been delivered to all of the Grantors.

9.2. Change in Address for Notices. Each of the Grantors, the Administrative Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE X

THE ADMINISTRATIVE AGENT

JPMorgan Chase Bank, N.A. has been appointed Administrative Agent for the Holders of Secured Obligations hereunder pursuant to Article VIII of each Credit Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Holders of Secured Obligations to the Administrative Agent pursuant to the Credit Agreements, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article VIII. Any successor Administrative Agent appointed pursuant to Article VIII of any Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, each of the Grantors and the Administrative Agent have executed this Security Agreement as of the date first above written.

INERGY, L.P., as a Grantor

By: INERGY GP, LLC,
its managing general partner

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY TRANSPORTATION, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY PROPANE, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CEO

INERGY GAS, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ Jane Bek Keil
Name: Jane Bek Keil
Title: Director

L & L TRANSPORTATION, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY SALES & SERVICE, INC., as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY FINANCE CORP., as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

STELLAR PROPANE SERVICE, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY ACQUISITION COMPANY, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

SIGNATURE PAGE TO PLEDGE AND SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is entered into as of December 17, 2004 among Inergy, L.P., a Delaware limited partnership (the "Borrower"), and the Subsidiaries of the Borrower listed on the signature page attached hereto (together with the Borrower, the "Grantors") and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent") on behalf of itself and on behalf of the Holders of Secured Obligations (as such term is defined in the Credit Agreements described below).

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent and certain financial institutions are parties to (i) a 5-Year Credit Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "5-Year Credit Agreement"), and (ii) a 364-Day Credit Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, and together with the 5-Year Credit Agreement, the "Credit Agreements"); and the Grantors are entering into this Agreement in order to induce the Lenders to enter into and extend credit to the Borrower under the Credit Agreements;

WHEREAS, the Grantors (other than the Borrower) and the Administrative Agent have entered into a certain Guaranty dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), pursuant to which such Grantors have agreed to guarantee all of the Obligations upon the terms and conditions set forth therein;

WHEREAS, the Grantors and the Administrative Agent are parties to that certain Pledge and Security Agreement dated as of the date hereof (as the same may hereafter be modified, amended, restated or supplemented from time to time, the "Pledge and Security Agreement"), pursuant to which each Grantor has granted a security interest in substantially all of its personal property to the Administrative Agent for the benefit of the Administrative Agent and the Holders of Secured Obligations; and

WHEREAS, the Administrative Agent and the Lenders from time to time party to the Credit Agreements have required the Grantors to execute and deliver this Agreement (i) in order to secure the prompt and complete payment, observance and performance of all of (a) the Obligations and (b) all of the obligations and liabilities under the Guaranty of the Grantors (other than the Borrower) (such obligations and liabilities, together with the Obligations, being hereinafter referred to as the "Liabilities"), and (ii) as a condition precedent to the making of any loans, advances and any other financial accommodations under the Credit Agreements.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees as follows:

1. Defined Terms.

(i) Unless otherwise defined herein, each capitalized term used herein that is defined in the Credit Agreements shall have the meaning specified for such term in the Credit Agreements. Unless otherwise defined herein or in the Credit Agreements, each capitalized term used herein that is defined in the Pledge and Security Agreement shall have the meaning specified for such term in the Pledge and Security Agreement.

(ii) The words “hereof,” “herein” and “hereunder” and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified.

(iii) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Liabilities, each Grantor hereby grants to the Administrative Agent, for the benefit of the Holders of Secured Obligations, a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests (except any Liens permitted under Section 6.02 of each of the Credit Agreements), with power of sale to the extent permitted by applicable law, all of such Grantor’s now owned or existing and hereafter acquired or arising:

(i) trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on Schedule A attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, (d) the goodwill of such Grantor’s business symbolized by the foregoing and connected therewith, and (e) all of such Grantor’s rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications, together with the items described in clauses (a)-(e) in this paragraph 3(i), are sometimes hereinafter individually and/or collectively referred to as the “Trademarks”); and

(ii) rights under or interests in any trademark license agreements or service mark license agreements with any other party, whether such Grantor is a licensee or licensor under any such license agreement, including, without limitation, those trademark

license agreements and service mark license agreements listed on Schedule B attached hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and after the occurrence and during the continuance of an Event of Default the right to prepare for sale and sell any and all inventory now or hereafter owned by such Grantor and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing or anything herein or in any other Credit Document to the contrary, nothing hereunder or thereunder constitutes or shall be deemed to constitute the grant of a security interest in favor of the Administrative Agent or any Holder of Secured Obligations with respect to such Grantor's interest in any License, contract right, license agreement, or any other general intangible (each such License, contract right, license agreement and other general intangible being hereinafter referred to as "Excluded Property"), if the granting of a security interest therein by such Grantor to the Administrative Agent or any Holder of Secured Obligations is prohibited by the terms and provisions of the agreement, document or instrument creating, evidencing or granting a security interest in such Excluded Property or rights related thereto; provided, however, that if and when the prohibition which prevents the granting by such Grantor to the Administrative Agent of a security interest in any Excluded Property is removed or otherwise terminated, the Administrative Agent will be deemed to have, and at all times to have had, a security interest in such Excluded Property.

4. Restrictions on Future Agreements. Except as otherwise permitted by the Credit Agreements, no Grantor shall, without the Administrative Agent's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement or the other Credit Documents, and each Grantor further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect affect the validity or enforcement of the rights transferred to the Administrative Agent under this Agreement or the rights associated with the Trademarks or Licenses.

5. New Trademarks and Licenses. Each Grantor represents and warrants that, as of the date hereof, (i) the Trademarks listed on Schedule A include all of the foreign and domestic registered trademarks, trademark applications, registered service marks and service mark applications owned or held by such Grantor, (ii) the Licenses listed on Schedule B include all of the trademark license agreements and service mark license agreements under which such Grantor is the licensee or licensor and (iii) except for any Liens permitted under Section 6.02 of each of the Credit Agreements, no liens, claims or security interests in such Trademarks and Licenses have been granted by such Grantor to any Person other than the Administrative Agent. If, prior to the termination of this Agreement, any Grantor shall (a) obtain rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (b) become entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor, or (c) enter into any new trademark license agreement or service mark license agreement, the provisions of paragraph 3

above shall automatically apply thereto. Each Grantor shall give to the Administrative Agent written notice of events described in clauses (a), (b) and (c) of the preceding sentence promptly after the occurrence thereof, but in any event not less frequently than on a quarterly basis. Each Grantor hereby authorizes the Administrative Agent to modify this Agreement unilaterally (i) by amending Schedule A to include any future trademarks, registered trademarks, material trademark applications, material service marks, registered service marks and service mark applications of such Grantor and by amending Schedule B to include any future trademark license agreements and service mark license agreements of such Grantor, which are Trademarks or Licenses under paragraph 3 above or under this paragraph 5, and (ii) by filing in the United States Patent and Trademark Office, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule A or B thereto, as the case may be, such future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, and trademark license agreements and service mark license agreements.

6. Royalties. Each Grantor hereby agrees that the use by the Administrative Agent of the Trademarks and Licenses as authorized hereunder in connection with the Administrative Agent's exercise of its rights and remedies to the extent expressly permitted under paragraph 14 or pursuant to the Pledge and Security Agreement after the occurrence and during the continuance of an Event of Default shall be coextensive with such Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Administrative Agent or any other Holder of Secured Obligations to such Grantor.

7. Further Assignments. Except as otherwise permitted by the Credit Agreements, each Grantor agrees (i) not to sell or assign its respective interests in any Trademarks or the Licenses or grant any license under the Trademarks without the prior written consent of the Administrative Agent and (ii) to maintain the quality of the products using such Trademarks or Licenses at a level sufficient to preserve such Trademarks and Licenses.

8. Nature and Continuation of the Administrative Agent's Security Interest; Termination of the Administrative Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and Licenses and shall terminate only when the Liabilities (other than contingent indemnity obligations and obligations under Hedging Agreements) have been paid in full and the Credit Agreements and the other Credit Documents have been terminated. When this Agreement has terminated, the Administrative Agent shall promptly execute and deliver to each Grantor, at such Grantor's expense, all termination statements and other instruments and take such other actions as may be necessary or proper to terminate the Administrative Agent's security interest in the Trademarks and the Licenses, subject to any disposition thereof which may have been made by the Administrative Agent pursuant to this Agreement or the Pledge and Security Agreement.

9. Duties of the Grantors. Each Grantor shall have the duty, to the extent reasonably necessary or otherwise desirable in the normal conduct of such Grantor's business, as determined in the reasonable discretion of such Grantor, to: (i) reasonably prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, and (ii) apply for

registration for trademarks or service marks. Each Grantor further agrees (i) not to abandon any Trademark or License to the extent such Trademark or License is reasonably necessary or otherwise desirable in the normal conduct of such Grantor's business, as determined in the reasonable discretion of such Grantor, without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, and (ii) to use commercially reasonable efforts to maintain in full force and effect the Trademarks and the Licenses that are or shall be reasonably necessary or otherwise desirable, as determined in the Grantor's reasonable discretion, in the operation of such Grantor's business. Any expenses incurred in connection with the foregoing shall be borne by the applicable Grantor. Neither the Administrative Agent nor any of the Holders of Secured Obligations shall have any duty with respect to the Trademarks and Licenses. Without limiting the generality of the foregoing, neither the Administrative Agent nor any of the Holders of Secured Obligations shall be under any obligation to take any steps necessary to preserve rights in the Trademarks or Licenses against any other parties, but the Administrative Agent may do so at its option after the occurrence and during the continuance of an Event of Default, and all reasonable expenses incurred in connection therewith shall be for the sole account of the applicable Grantor and shall be added to the Liabilities secured hereby.

10. The Administrative Agent's Right to Sue. Following the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks and the Licenses and, if the Administrative Agent shall commence any such suit, each Grantor shall, at the request of the Administrative Agent, do any and all lawful acts and execute any and all proper documents reasonably required by the Administrative Agent in aid of such enforcement. The applicable Grantor shall, upon demand, promptly reimburse the Administrative Agent for all reasonable costs and expenses incurred by the Administrative Agent in the exercise of its rights under this paragraph 10 (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Administrative Agent).

11. Waivers. The Administrative Agent's failure, at any time or times hereafter, to require strict performance by any Grantor of any provision of this Agreement shall not waive, affect or diminish any right of the Administrative Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between any Grantor and the Administrative Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of any Grantor contained in this Agreement shall be deemed to have been suspended or waived by the Administrative Agent unless such suspension or waiver is in writing signed by an officer of the Administrative Agent and directed to the applicable Grantor specifying such suspension or waiver.

12. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable. If any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such jurisdiction, and shall not in any

manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

13. **Modification.** This Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 5 hereof or by a writing signed by the parties hereto.

14. **Cumulative Remedies; Power of Attorney.** Following the occurrence and during the continuance of an Event of Default, each Grantor hereby irrevocably designates, constitutes and appoints the Administrative Agent (and all Persons designated by the Administrative Agent in its sole and absolute discretion) as such Grantor's true and lawful attorney-in-fact, and authorizes the Administrative Agent and any of the Administrative Agent's designees, in such Grantor's or the Administrative Agent's name, to take any action and execute any instrument which the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, after the giving by the Administrative Agent of written notice to such Grantor of the Administrative Agent's intention to enforce its rights and claims against such Grantor, to (i) endorse such Grantor's name on all applications, documents, papers and instruments necessary or otherwise desirable for the Administrative Agent in the use of the Trademarks or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone on commercially reasonable terms, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks or, to the extent permitted, under the Licenses to anyone, on commercially reasonable terms, and (iv) take any other actions with respect to the Trademarks or the Licenses as the Administrative Agent deems in its own or the Holders of Secured Obligations' best interest. Each Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all of the Liabilities shall have been paid in full (other than contingent indemnity obligations and obligations under Hedging Agreements) and the Credit Agreements and the other Credit Documents shall have been terminated. Each Grantor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Administrative Agent or the other Holders of Secured Obligations under the Pledge and Security Agreement, but rather is intended to facilitate the exercise of such rights and remedies.

The Administrative Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks or the Licenses may be located or deemed located. Upon the occurrence and during the continuance of an Event of Default and the election by the Administrative Agent to exercise any of its remedies under the Uniform Commercial Code with respect to the Trademarks and Licenses, each Grantor agrees to assign, convey and otherwise transfer title in and to the Trademarks and the Licenses to the Administrative Agent or any transferee of the Administrative Agent and to execute and deliver to the Administrative Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Administrative Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Administrative Agent's rights and remedies with respect to the Trademarks and the Licenses, whether established hereby, by the Pledge and Security Agreement, by any other

agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may exercise any of the rights and remedies provided in this Agreement, the Pledge and Security Agreement and any of the other Credit Documents. Each Grantor agrees that any notification of intended disposition of any of the Trademarks and Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) days before such disposition. Notwithstanding anything herein to the contrary, in no event shall the rights and remedies of the Administrative Agent, any Holder of Secured Obligations or any of their respective designees or representatives, granted hereunder or any other Credit Document, be construed to permit any such Person to take any action or fail to act in violation of any law or the terms and conditions of any License or other agreement or document covering any of the collateral granted to the Administrative Agent hereunder.

15. Successors and Assigns. This Agreement shall be binding upon each Grantor and its successors and assigns, and shall inure to the benefit of each of the Holders of Secured Obligations and their respective nominees, successors and assigns. Each Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for such Grantor; provided, however, except as otherwise permitted by the Credit Agreements, that no Grantor shall voluntarily assign or transfer its rights or obligations hereunder without the Administrative Agent's prior written consent.

16. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York, but giving effect to federal laws applicable to national banks.

17. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Credit Agreements and the Pledge and Security Agreement.

18. Section Titles. The section titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

19. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

20. Merger. This Agreement represents the final agreement of each Grantor and the Administrative Agent with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between any Grantor and the Administrative Agent or any Holder of Secured Obligations.

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IN WITNESS WHEREOF, each of the Grantors and the Administrative Agent have executed this Trademark Security Agreement as of the date first above written.

INERGY, L.P., as a Grantor

By: INERGY GP, LLC,
its managing general partner

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY TRANSPORTATION, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY PROPANE, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY GAS, LLC as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ Jane Bek Kiel
Name: Jane Bek Kiel
Title: Director

L & L TRANSPORTATION, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY SALES & SERVICE, INC., as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY FINANCE CORP., as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

STELLAR PROPANE SERVICE, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

INERGY ACQUISITION COMPANY, LLC, as a Grantor

By: /s/ R. Brooks Sherman, Jr.
Name: R. Brooks Sherman, Jr.
Title: Senior Vice President and CFO

NONCOMPETITION AGREEMENT

This Noncompetition Agreement (this "Noncompetition Agreement") is entered into on December 17, 2004, among Star Gas Partners, L.P., a Delaware limited partnership, Star Gas LLC, a Delaware limited liability company (collectively, the "Sellers"), and Inergy Propane, LLC, a Delaware limited liability company ("Buyer").

On November 18, 2004, Buyer, the Sellers and Inergy, L.P. entered into an Interest Purchase Agreement (the "Interest Purchase Agreement") pursuant to which Buyer is purchasing all of the propane business and certain other related businesses of the Sellers. Section 4.4 of the Interest Purchase Agreement contemplates and requires the execution and delivery of this Noncompetition Agreement as a condition to the consummation of the transactions under the Interest Purchase Agreement.

In consideration of the amounts paid by Buyer to the Sellers pursuant to the Interest Purchase Agreement, the parties hereby agree as follows:

1. Covenant Not to Compete.

(a) The Sellers hereby acknowledge and recognize the highly competitive nature of the Business (as defined in the Interest Purchase Agreement) being acquired by Buyer pursuant to the Interest Purchase Agreement, including the intellectual property, trade secrets and confidential information of the Business being acquired. Accordingly, except as provided in Sections 1(b) and 1(c), the Sellers hereby agree that they (and their subsidiaries) will not, directly or indirectly, during the period commencing on the date of this Agreement and ending on the fifth anniversary of such date (the "Noncompetition Period"), own, manage, operate, control or participate in the ownership, management, operation or control of, or have any interest, financial or otherwise, in or act as a partner, manager, member, principal, agent, representative, consultant or independent contractor of, or licensor to, or in any way assist, any Person (as defined in the Interest Purchase Agreement) in the conduct of any Competitive Business now or at any time during the Noncompetition Period in either (i) any of the Prohibited States (as defined below) or (ii) the business locations in which the Business was conducted on the date of this Agreement or within 50 miles of any of such locations. In addition, the Sellers will not, directly or indirectly, during the Noncompetition Period use or license in connection with any Competitive Business activities any name, trade name or trademark that was previously used in connection with the Business or that is similar to those previously used in connection with the Business in either (A) any of the Prohibited States or (B) the business locations in which the Business was conducted on the date of this Agreement or within 50 miles of any of such locations. "Competitive Business" means the business of marketing, distributing, storing, transporting and selling propane gas on a retail or wholesale basis. "Prohibited States" means each of the following states: Florida, Indiana, Maine, Massachusetts, Michigan, Minnesota and Ohio.

(b) Notwithstanding anything in Section 1(a) to the contrary, the Sellers may own up to 5% of the outstanding equity securities in any Person that is listed upon a national stock exchange or actively traded in the over-the-counter market.

(c) Notwithstanding anything in Section 1(a) to the contrary, the Sellers may (i) continue to own and operate the Retained Propane Assets (as defined in the Interest Purchase Agreement) at the locations and substantially as operated as of the date hereof and continue to use any name, trade name, or trademark used in connection therewith on the date of this Agreement, and (ii) expand their involvement in the Competitive Business pursuant to any Seller (or any subsidiary thereof) acquiring, directly or indirectly, a third party (or its assets or operations) already engaged in the Competitive Business prior to such acquisition, so long as the gross revenues of such acquired third party for the most-recently completed fiscal year prior to such acquisition and during the current fiscal year generated by such acquired third party from Competitive Business activities is less than 10% of the total gross revenues of such acquired third party for such period.

2. Potential Unenforceability of Section 1. Although the Sellers and Buyer consider the restrictions contained in Section 1 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in Section 1 is an unreasonable or otherwise unenforceable restriction against the Sellers, neither this Noncompetition Agreement nor the provisions of Section 1 will be rendered void, but will be deemed amended as to such restriction as such court may judicially determine or indicate to be reasonable or, if such court does not so determine or indicate, to the maximum extent that any pertinent statute or judicial decision may indicate to be a reasonable restriction under the circumstances.

3. Specific Performance. Recognizing that irreparable damage will result to Buyer in the event of the breach or threatened breach of any of the foregoing covenants and assurances by the Sellers contained in Section 1, and that Buyer's remedies at law for any such breach or threatened breach will be inadequate, Buyer and its successors and permitted assigns, in addition to such other remedies that may be available to them, are entitled to, and the Sellers agree not to oppose Buyer's request for, an injunction, including a mandatory injunction, to be issued by any court of competent jurisdiction ordering compliance with this Noncompetition Agreement or enjoining and restraining the Sellers, and each and every Person acting in concert or participation with the Sellers, from the continuation of such breach and, in addition thereto, the Sellers will pay to Buyer all ascertainable damages, including costs and reasonable attorneys' fees as provided in Section 10. Buyer is not required to obtain a bond in an amount greater than \$1,000. The covenants and obligations of the Sellers set forth in Section 1 are in addition to and not in lieu of or exclusive of any other obligations and duties of the Sellers to Buyer, whether express or implied in fact or in law.

4. Entire Agreement; Modification. This Noncompetition Agreement, along with the Interest Purchase Agreement, embodies the entire agreement between the parties with respect to the subject matter hereof. This Noncompetition Agreement may not be amended or modified except by a writing signed by an authorized representative of the party against whom enforcement of the change is sought. No waiver of the performance or breach of, or default under, any condition or obligation of this Noncompetition Agreement will be deemed to be a waiver of any other performance, or breach of, or default under the same or any other condition or obligation of this Noncompetition Agreement.

5. Waiver of Breach. The waiver by any party, or the failure by either party to claim a breach (or give notice with respect thereto), of any provision of this Noncompetition Agreement will not be, or be deemed to be, a waiver of any subsequent breach, or deemed to affect in any way the effectiveness, of such provision.

6. Parties in Interest and Assignment.

(a) This Agreement is binding upon and is for the benefit of the parties and their respective successors and permitted assigns. Except as expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties or their respective successors and permitted assigns any rights, remedies or obligations or liabilities under or by reason of this Agreement.

(b) Except as provided in Section 6(c), neither this Agreement nor any of the rights, duties or obligations of any party may be transferred or assigned to any Person except by a written agreement executed by all of the parties.

(c) Notwithstanding Section 6(b), Buyer may transfer and assign all or any portion of its rights under this Agreement to an Affiliate (as defined in the Interest Purchase Agreement) of Buyer or in connection with any merger, consolidation or conversion of Buyer or any sale of all or a significant portion of the assets associated with the Business.

7. Execution in Multiple Originals. This Noncompetition Agreement may be executed in multiple originals, each of which is deemed an original but all of which together constitute but one and the same instrument.

8. Notice. Any notice, request, consent or communication under this Noncompetition Agreement will be effective only if it is sent in accordance with Section 15.1 of the Interest Purchase Agreement.

9. Governing Law. This Noncompetition Agreement is governed by and construed, interpreted and enforced in accordance with the Laws of the State of Delaware applicable to agreements made and to be performed entirely within such State, including all matters of enforcement, validity and performance.

10. Attorneys' Fees. If any legal action or other proceeding is brought by any party to this Noncompetition Agreement for the enforcement or interpretation of any of the rights, obligations or provisions of this Noncompetition Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Noncompetition Agreement, the prevailing party in such action or proceeding is entitled to recover reasonable attorneys' fees and all other costs and expenses incurred in such action or proceeding, in addition to any other relief to which it may be entitled.

11. Captions. The headings of the sections of this Noncompetition Agreement have been inserted for convenience of reference only and do not restrict or otherwise modify any of the terms or provisions of this Noncompetition Agreement.

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The parties have executed this Noncompetition Agreement on the date set forth in the introductory paragraph.

STAR GAS PARTNERS, L.P.

By: Star Gas LLC, its general partner

By: /s/ IRIK P. SEVIN

Name: Irik P. Sevin

Title: Chief Executive Officer

STAR GAS LLC

By: /s/ IRIK P. SEVIN

Name: Irik P. Sevin

Title: Chief Executive Officer

INERGY PROPANE, LLC

By: /s/ JOHN J. SHERMAN

Name: John J. Sherman

Title: President and CEO



For more information:
Mike Campbell, 816-842-8181
investorrelations@inergyservices.com

FOR IMMEDIATE RELEASE

Inergy, L.P. Completes Acquisition of Propane Operations of Star Gas Partners, L.P.

Kansas City, MO (December 17, 2004) – Inergy, L.P. (Nasdaq:NRGY) announced today that it has completed the previously-announced acquisition of Star Gas Propane, L.P., the propane operating partnership of Star Gas Partners, L.P. (NYSE:SGU) (NYSE:SGH), for approximately \$475 million. The acquisition creates the 5th-largest retail propane operator in the United States serving approximately 600,000 customers from approximately 270 customer service centers in 26 states.

“We are excited to complete the acquisition of Star Gas Propane and welcome Inergy’s new employees,” said John Sherman, President and CEO of Inergy. “Now is the time to focus on executing our business plan and continue to deliver industry-leading returns to our unitholders.”

Inergy, L.P., with headquarters in Kansas City, Mo., is among the fastest growing master limited partnerships in the country. The company’s operations include the retail marketing, sale and distribution of propane to residential, commercial, industrial and agricultural customers. Today, Inergy serves approximately 600,000 retail customers from approximately 270 customer service centers throughout the eastern half of the United States. The company also operates a growing supply logistics, transportation and wholesale marketing business that serves independent dealers and multi-state marketers in the United States and Canada.

This news release contains forward-looking statements, which are statements that are not historical in nature such as the expectation that Inergy will continue to deliver industry-leading returns to its unitholders. Forward-looking statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or any underlying assumption proves incorrect, actual results may vary materially from those anticipated, estimated or projected. Among the key factors that could cause actual results to differ materially from those referred to in the forward-looking statements are: the general level of petroleum product demand and the availability of propane supplies, the price of propane to the consumer compared to the price of alternative and competing fuels, our ability to generate available cash for distribution to unitholders, the costs and effects of legal and administrative proceedings against us or which may be brought against us, and our ability to sustain our historical levels of internal growth. These and other risks and assumptions are described in Inergy’s annual report on Form 10-K and other reports that are available from the United States Securities and Exchange Commission.

Corporate news, unit prices and additional information about Inergy, including reports from the United States Securities and Exchange Commission, are available on the company's Web site, www.InergyPropane.com. For more information, contact Mike Campbell in Inergy's Investor Relations Department at 816-842-8181 or via e-mail at investorrelations@inergyservices.com.

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