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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-32740

ENERGY TRANSFER EQUITY, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**30-0108820**
(state or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

3738 Oak Lawn Avenue, Dallas, Texas 75219
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (214) 981-0700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

At August 6, 2009, the registrant had units outstanding as follows:

Energy Transfer Equity, L.P. 222,898,248 Common Units

FORM 10-Q

INDEX TO FINANCIAL STATEMENTS

Energy Transfer Equity, L.P. and Subsidiaries

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Forward-Looking Statements

Certain matters discussed in this report, excluding historical information, as well as some statements by Energy Transfer Equity, L.P., ("Energy Transfer Equity" or "the Partnership") in periodic press releases and some oral statements of Energy Transfer Equity officials during presentations about the Partnership, include certain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 ("Securities Act") and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). Statements using words such as "anticipate," "believe," "intend," "project," "plan," "continue," "estimate," "forecast," "may," "will," or similar expressions help identify forward-looking statements. Although the Partnership believes such forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, no assurance can be given that every objective will be reached.

Actual results may differ materially from any results projected, forecasted, estimated or expressed in forward-looking statements since many of the factors that determine these results are subject to uncertainties and risks, difficult to predict, and beyond management's control. For additional discussion of risks, uncertainties and assumptions, see "Part II Other Information – Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q as well as the Partnership's Report on Form 10-K as of December 31, 2008 filed with the Securities and Exchange Commission ("SEC") on March 2, 2009.

Definitions

The following is a list of certain acronyms and terms generally used in the energy industry and throughout this document:

/d	per day
Btu	British thermal unit, an energy measurement
Capacity	Capacity of a pipeline, processing plant or storage facility refers to the maximum capacity under normal operating conditions and, with respect to pipeline transportation capacity, is subject to multiple factors (including natural gas injections and withdrawals at various delivery points along the pipeline and the utilization of compression) which may reduce the throughput capacity from specified capacity levels.
Dth	Million British thermal units ("dekatherm"). A therm factor is used by gas companies to convert the volume of gas used to its heat equivalent, and thus calculate the actual energy used.
Mcf	thousand cubic feet
MMBtu	million British thermal unit
MMcf	million cubic feet
Bcf	billion cubic feet
NGL	natural gas liquid, such as propane, butane and natural gasoline
Tcf	trillion cubic feet
LIBOR	London Interbank Offered Rate
NYMEX	New York Mercantile Exchange
Reservoir	A porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is separate from other reservoirs.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 114,361	$ 92,023
Marketable securities	9,630	5,915
Accounts receivable, net of allowance for doubtful accounts	388,324	591,257
Accounts receivable from related companies	32,233	15,142
Inventories	187,654	272,348
Deposits paid to vendors	51,987	78,237
Exchanges receivable	27,596	45,209
Price risk management assets	4,272	5,423
Prepaid expenses and other current assets	55,973	75,441
Total current assets	872,030	1,180,995
PROPERTY, PLANT AND EQUIPMENT, net	9,013,750	8,702,534
ADVANCES TO AND INVESTMENTS IN AFFILIATES	374,922	10,110
GOODWILL	764,538	773,283
INTANGIBLES AND OTHER ASSETS, net	410,069	402,980
Total assets	$ 11,435,309	$ 11,069,902

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(unaudited)

	June 30, 2009	December 31, 2008
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 284,097	$ 381,933
Accounts payable to related companies	7,094	34,495
Exchanges payable	22,793	54,636
Customer advances and deposits	73,031	106,679
Accrued and other current liabilities	273,507	313,140
Price risk management liabilities	60,742	142,432
Interest payable	156,154	115,487
Income taxes payable	3,880	14,298
Deferred income taxes	—	589
Current maturities of long-term debt	44,416	45,232
Total current liabilities	925,714	1,208,921
LONG-TERM DEBT, less current maturities	7,265,314	7,190,357
LONG-TERM PRICE RISK MANAGEMENT LIABILITIES	80,487	121,710
DEFERRED INCOME TAXES	203,588	194,871
OTHER NON-CURRENT LIABILITIES	14,571	14,727
COMMITMENTS AND CONTINGENCIES (Note 15)		
	8,489,674	8,730,586
EQUITY:		
Partners' Capital (Deficit):		
General Partner	373	155
Limited Partners:		
Common Unitholders (222,898,248 and 222,829,956 units authorized, issued and outstanding at June 30, 2009 and December 31, 2008, respectively)	54,882	(15,762)
Accumulated other comprehensive loss	(57,736)	(67,825)
Total partners' deficit	(2,481)	(83,432)
Noncontrolling interest	2,948,116	2,422,748
Total equity	2,945,635	2,339,316
Total liabilities and equity	$ 11,435,309	$ 11,069,902

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per unit data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
REVENUES:				
Natural gas operations	$ 948,233	$ 2,375,637	$ 2,060,188	$ 4,383,484
Retail propane	179,770	249,449	667,677	847,587
Other	23,687	28,265	53,799	61,525
Total revenues	1,151,690	2,653,351	2,781,664	5,292,596
COSTS AND EXPENSES:				
Cost of products sold - natural gas operations	542,004	1,952,569	1,274,117	3,529,837
Cost of products sold - retail propane	78,070	163,962	298,292	556,517
Cost of products sold - other	5,919	7,541	12,723	17,436
Operating expenses	176,681	197,143	358,454	376,113
Depreciation and amortization	79,229	65,476	154,888	127,359
Selling, general and administrative	54,756	44,720	112,061	95,465
Total costs and expenses	936,659	2,431,411	2,210,535	4,702,727
OPERATING INCOME	215,031	221,940	571,129	589,869
OTHER INCOME (EXPENSE):				
Interest expense, net of interest capitalized	(119,559)	(90,543)	(220,950)	(170,997)
Equity in earnings (losses) of affiliates	1,673	(169)	2,170	(95)
Gains (losses) on disposal of assets	181	515	(245)	(936)
Gains (losses) on non-hedged interest rate derivatives	49,911	27,178	59,962	(4,458)
Allowance for equity funds used during construction	(1,839)	15,660	18,588	25,548
Other, net	(377)	1,567	324	9,519
INCOME BEFORE INCOME TAX EXPENSE	145,021	176,148	430,978	448,450
Income tax expense	3,263	9,330	9,470	14,474
NET INCOME	141,758	166,818	421,508	433,976
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	37,383	46,424	165,597	186,877
NET INCOME ATTRIBUTABLE TO PARTNERS	104,375	120,394	255,911	247,099
GENERAL PARTNER'S INTEREST IN NET INCOME	322	373	791	765
LIMITED PARTNERS' INTEREST IN NET INCOME	$ 104,053	$ 120,021	$ 255,120	$ 246,334
BASIC NET INCOME PER LIMITED PARTNER UNIT	$ 0.47	$ 0.54	$ 1.14	$ 1.11
BASIC AVERAGE NUMBER OF UNITS OUTSTANDING	222,898,248	222,829,956	222,898,157	222,829,956
DILUTED NET INCOME PER LIMITED PARTNER UNIT	$ 0.47	$ 0.54	$ 1.14	$ 1.10
DILUTED AVERAGE NUMBER OF UNITS OUTSTANDING	222,898,248	222,829,956	222,898,157	222,829,956

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income	$ 141,758	$ 166,818	$ 421,508	$ 433,976
Other comprehensive income (loss), net of tax:				
Reclassification to earnings of gains and losses on derivative instruments accounted for as cash flow hedges	7,803	12,412	2,158	(8,457)
Change in value of derivative instruments accounted for as cash flow hedges	7,201	23,439	614	(9,776)
Change in value of available-for-sale securities	3,657	3,110	3,708	2,943
	18,661	38,961	6,480	(15,290)
Comprehensive income	160,419	205,779	427,988	418,686
Less: Comprehensive income attributable to noncontrolling interest	40,792	52,663	161,988	177,151
Comprehensive income attributable to partners	$ 119,627	$ 153,116	$ 266,000	$ 241,535

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2009

(Dollars in thousands)

(unaudited)

	General Partner	Common Unitholders	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
Balance, December 31, 2008	$ 155	$ (15,762)	$ (67,825)	$ 2,422,748	$2,339,316
Distributions to ETE partners	(716)	(230,700)	—	—	(231,416)
Subsidiary distributions	—	—	—	(182,628)	(182,628)
Subsidiary issuance of units in public offerings	143	45,935	—	532,846	578,924
Tax effect of remedial income allocation from tax amortization of goodwill	—	—	—	(1,881)	(1,881)
Non-cash unit-based compensation expense, net of units tendered by employees for tax withholdings	—	277	—	14,430	14,707
Non-cash executive compensation expense	—	12	—	613	625
Other comprehensive income, net of tax	—	—	10,089	(3,609)	6,480
Net income	791	255,120	—	165,597	421,508
Balance, June 30, 2009	$ 373	$ 54,882	$ (57,736)	$ 2,948,116	$2,945,635

The accompanying notes are an integral part of this condensed consolidated financial statement.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

	Six Months Ended June 30,	
	2009	2008
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 653,488	$ 709,179
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions, net of cash acquired	(6,362)	(56,786)
Capital expenditures (excluding allowance for equity funds used during construction)	(512,534)	(978,672)
Contributions in aid of construction costs	2,349	42,554
(Advances to) repayments from affiliates, net	(364,000)	63,534
Proceeds from the sale of assets	5,033	16,955
Net cash used in investing activities	(875,514)	(912,415)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	1,622,377	3,558,268
Principal payments on debt	(1,535,147)	(2,975,286)
Subsidiary equity offering, net of issue costs	578,924	34,965
Distributions to partners	(231,416)	(221,287)
Debt issuance costs	(7,746)	(20,897)
Distributions to noncontrolling interests	(182,628)	(160,146)
Net cash provided by financing activities	244,364	215,617
INCREASE IN CASH AND CASH EQUIVALENTS	22,338	12,381
CASH AND CASH EQUIVALENTS, beginning of period	92,023	56,557
CASH AND CASH EQUIVALENTS, end of period	$ 114,361	$ 68,938

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollar amounts, except per unit data, are in thousands)

(unaudited)

1. OPERATIONS AND ORGANIZATION:

The accompanying condensed consolidated balance sheet as of December 31, 2008, which has been derived from audited financial statements, and the unaudited interim financial statements and notes thereto of Energy Transfer Equity, L.P. and its subsidiaries ("the Partnership", "ETE" or the "Parent Company") as of June 30, 2009 and for the three and six months ended June 30, 2009 and 2008, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim consolidated financial information and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all the information and footnotes required by GAAP for complete consolidated financial statements. However, management believes that the disclosures made are adequate to make the information not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year due to the seasonal nature of the operations, maintenance activities of the Partnership's subsidiaries and the impact of forward natural gas prices and differentials on certain derivative financial instruments that are accounted for using mark-to-market accounting. Management has evaluated subsequent events through August 10, 2009, the date the financial statements were issued.

The unaudited condensed consolidated financial statements of the Partnership presented herein for the three and six months ended June 30, 2009 and 2008 include the results of operations of ETE, ETE's controlled subsidiary, Energy Transfer Partners, L.P., a publicly-traded master limited partnership ("ETP"), and ETE's wholly-owned subsidiaries: Energy Transfer Partners GP, L.P., the General Partner of ETP ("ETP GP"), and Energy Transfer Partners, L.L.C., the General Partner of ETP GP ("ETP LLC"). The results of operations for ETP in turn include the results of operations for ETP's wholly-owned subsidiaries: La Grange Acquisition, L.P., which conducts business under the assumed name of Energy Transfer Company ("ETC OLP"); Energy Transfer Interstate Holdings, LLC ("ET Interstate"), the parent company of Transwestern Pipeline Company, LLC ("Transwestern") and ETC Midcontinent Express Pipeline, LLC ("ETC MEP"); Heritage Operating, L.P. ("HOLP"); Heritage Holdings, Inc. ("HHI"); and Titan Energy Partners, L.P. ("Titan").

LE GP, LLC ("LE GP"), the general partner of ETE, is a Delaware limited liability company which is ultimately owned by the Chief Executive Officer of ETP, a director of ETE (Mr. Ray Davis) and Enterprise GP Holdings, L.P. ("Enterprise" or "EPE").

In the opinion of management, all adjustments (all of which are normal and recurring) have been made that are necessary to fairly state the Partnership's consolidated financial position as of June 30, 2009, and the results of their operations and their cash flows for the three and six months ended June 30, 2009 and 2008. The unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto presented in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on March 2, 2009.

Certain prior period amounts have been reclassified to conform to the 2009 presentation. Other than the reclassifications related to the adoption of Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51* ("SFAS 160") (see Note 2), these reclassifications had no impact on net income or total equity.

Business Operations

Currently, the Parent Company's business operations are conducted only though ETP's subsidiary operating partnerships (collectively referred to as the "Operating Partnerships"). The Parent Company's principal sources of cash flow are its direct and indirect investments in the limited and general partner interests in ETP.

The Parent Company's primary cash requirements are for general and administrative expenses, debt service requirements and distributions to its general and limited partners. The Parent Company-only assets and liabilities of ETE are not available to satisfy the debts and other obligations of ETP and its consolidated subsidiaries. In order to fully understand the financial condition of the Partnership on a stand-alone basis, see Note 19 for stand-alone financial information apart from that of the consolidated partnership information included herein.

In order to simplify the obligations of the Partnership under the laws of several jurisdictions in which we conduct business, our activities are primarily conducted through ETP's Operating Partnerships:

- ETC OLP, a Texas limited partnership engaged in midstream and intrastate transportation and storage natural gas operations. ETC OLP owns and operates, through its wholly and majority-owned subsidiaries, natural gas gathering systems, intrastate natural gas pipeline systems and gas processing plants and is engaged in the business of purchasing, gathering, transporting, processing and marketing natural gas and NGLs in the states of Texas, Louisiana, Arizona, New Mexico, Utah and Colorado. Our intrastate transportation and storage operations primarily focus on transporting natural gas through our Oasis pipeline, ET Fuel System, East Texas pipeline and HPL System. Our midstream operations focus on the gathering, compression, treating, conditioning and processing of natural gas, primarily on or through our Southeast Texas System and North Texas System, and marketing activities. We also own and operate natural gas gathering pipelines and conditioning facilities in the Piceance-Uinta Basin of Colorado and Utah.
- ET Interstate, the parent company of Transwestern and ETC MEP, all of which are Delaware limited liability companies engaged in interstate transportation of natural gas. Interstate revenues consist primarily of fees earned from natural gas transportation services and operational gas sales.
- ETC Fayetteville Express Pipeline, LLC ("ETC FEP"), a Delaware limited liability company formed to engage in interstate transportation of natural gas.
- ETC Tiger Pipeline, LLC ("ETC Tiger"), a Delaware limited liability company formed to engage in interstate transportation of natural gas.
- HOLP, a Delaware limited partnership primarily engaged in retail propane operations. Our retail propane operations focus on sales of propane and propane-related products and services. The retail propane customer base includes residential, commercial, industrial and agricultural customers.
- Titan, a Delaware limited partnership also engaged in retail propane operations.

The Partnership, the Operating Partnerships and their subsidiaries are collectively referred to in this report as "we", "us", "ETE", "ETP", "Energy Transfer" or the "Partnership". References to "the Parent Company" shall mean Energy Transfer Equity, L.P. on a stand-alone basis.

2. ESTIMATES, SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS:

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the accrual for and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The natural gas industry conducts its business by processing actual transactions at the end of the month following the month of delivery. Consequently, the most current month's financial results for the midstream and intrastate transportation and storage segments are estimated using volume estimates and market prices. Any differences between estimated results and actual results are recognized in the following month's financial statements. Management believes that the operating results estimated for the three and six months ended June 30, 2009 and 2008 represent the actual results in all material respects.

Some of the other significant estimates made by management include, but are not limited to, the timing of certain forecasted transactions that are hedged, allowances for doubtful accounts, the fair value of derivative instruments, useful lives for depreciation and amortization, purchase accounting allocations and subsequent realizability of intangible assets, fair value measurements used in the goodwill impairment test, market value of inventory, estimates related to our unit-based compensation plans, deferred taxes, assets and liabilities resulting from the regulated ratemaking process, contingency reserves and environmental reserves. Actual results could differ from those estimates.

New Accounting Standards and Changes to Significant Accounting Policies

Certain adjustments have been made to prior period information to conform to current period presentation related to our adoption of SFAS 160, which is discussed more fully below.

SFAS 160. SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, SFAS 160 requires the recognition of a noncontrolling interest (minority interest) as equity in the condensed consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, SFAS 160 requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. The adoption of SFAS 160 on January 1, 2009 did not have a significant impact on our financial position or results of operations. However, it did result in certain changes to our financial statement presentation, including the change in classification of noncontrolling interest (minority interest) from liabilities to equity on the condensed consolidated balance sheet.

Upon adoption of SFAS 160, we reclassified $2.42 billion from minority interest liability to noncontrolling interest as a separate component of equity in our condensed consolidated balance sheet as of December 31, 2008. In addition, we reclassified $46.4 million and $186.9 million of minority interest expense to net income attributable to noncontrolling interest in our condensed consolidated statements of operations for the three and six months ended June 30, 2008, respectively. Net income per limited partner unit has not been affected as a result of the adoption of SFAS 160.

Statement of Financial Accounting Standards No. 141 (Revised 2007), *Business Combinations*, ("SFAS 141R"). On December 4, 2007, the Financial Accounting Standards Board ("FASB") issued SFAS 141R, which significantly changes the accounting for business combinations. Under SFAS 141R, an acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. Statement 141R changes the accounting treatment for certain specific items, including:

- Acquisition costs are generally expensed as incurred;
- Noncontrolling interests (previously referred to as "minority interests") are valued at fair value at the acquisition date;
- In-process research and development is recorded at fair value as an indefinite-lived intangible asset at the acquisition date;
- Restructuring costs associated with a business combination are generally expensed subsequent to the acquisition date; and
- Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date are recorded in income taxes.

SFAS 141R also includes a substantial number of new disclosure requirements. SFAS 141R is to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Our adoption of SFAS 141R on January 1, 2009 did not have an immediate impact on our financial position or results of operations.

Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133* ("SFAS 161"). Issued in March 2008, SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities with the intent to provide users of financial statements with an enhanced understanding of (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133") and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS 161 only affects disclosure requirements; therefore, our adoption of this statement effective January 1, 2009 did not impact our financial position or results of operations.

EITF Issue No. 07-4, *Application of the Two Class Method Under FASB Statement No. 128, Earnings Per Share, to Master Limited Partnerships ("MLP")* ("EITF 07-4"). The FASB ratified the final consensus on EITF 07-4 on March 26, 2008. The key elements of the final consensus relate to: (a) the scope of the issue; (b) when Incentive Distribution Rights ("IDRs") are considered participating securities under the two-class method for Earnings Per Share ("EPS"); (c) the calculation provisions; and (d) the transition and effective date. Our adoption of EITF 07-4 on January 1, 2009 did not have an impact on the calculation of ETE's earnings per unit.

FASB Staff Position No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP EITF 03-6-1"). FSP EITF 03-6-1 was issued by the FASB on June 16, 2008. FSP EITF 03-6-1 clarifies that unvested share-based payment awards constitute participating securities, if such awards include nonforfeitable rights to dividends or dividend equivalents. Consequently, awards that are deemed to be participating securities must be allocated earnings in the computation of earnings per share under the two-class method. We adopted FSP EITF 03-6-1 effective January 1, 2009. Based on unvested unit awards outstanding at the time of adoption, application of FSP EITF 03-6-1 did not have a material impact on our computation of earnings per unit.

Emerging Issues Task Force Issue No. 08-6, *Equity Method Investment Accounting Considerations* ("EITF 08-6"). EITF 08-6 establishes the requirements for initial measurement of an equity method investment, including the accounting for contingent consideration related to the acquisition of an equity method investment. EITF 08-6 also clarifies the accounting for (1) an other-than-temporary impairment of an equity method investment and (2) changes in level of ownership or degree of influence with respect to an equity method investment. Our adoption of EITF 08-6 on January 1, 2009 did not have a material impact on our financial condition or results of operations.

Statement of Financial Accounting Standards Staff Position ("FSP") SFAS 157-2, *Effective Date of FASB Statement No. 157 ("FSP 157-2")*. FSP 157-2 deferred the effective date of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157") for all nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), such as impaired nonfinancial assets and certain assets and liabilities acquired in business combinations. Our adoption of FSP 157-2 on January 1, 2009 did not impact our financial condition or results of operations.

Statement of Financial Accounting Standards No. 165, *Disclosures about Subsequent Events* ("SFAS 165"). In May 2009, the FASB issued SFAS 165 which incorporates requirements for recording and disclosing subsequent events into the accounting standards; those requirements had previously existed only in the auditing standards. The requirements in SFAS 165 are consistent with the practices that had previously been applied, but SFAS 165 also requires disclosure with respect to the date through which subsequent events are evaluated. Under SFAS 165, we are required to evaluate subsequent events through the date that our financial statements are issued. The adoption of SFAS 165 does not change our current practices with respect to evaluating, recording and disclosing subsequent events; therefore, our adoption of this statement during the second quarter had no impact on our financial position or results of operations.

Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles* ("SFAS 168"). In June 2009, the FASB issued SFAS 168 which establishes the *FASB Accounting Standards Codification™* (the "Codification"). The Codification reorganizes existing accounting pronouncements but does not change GAAP. The new structure is organized into approximately 90 accounting topics and is further organized into subtopics, sections and subsections. Once the Codification becomes effective, all non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative. Although the Codification will not have an impact on our accounting policies or our financial position or results of operations, it will change the way that we reference accounting standards in our financial statements beginning with financial statements we will issue for the quarter ending September 30, 2009.

3. CASH, CASH EQUIVALENTS AND SUPPLEMENTAL CASH FLOW INFORMATION:

Cash and cash equivalents include all cash on hand, demand deposits, and investments with original maturities of three months or less. We consider cash equivalents to include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

We place our cash deposits and temporary cash investments with high credit quality financial institutions. At times, our cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit.

Net cash provided by operating activities is comprised of the following:

	Six Months Ended June 30,	
	2009	2008
Net Income	$ 421,508	$ 433,976
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	154,888	127,359
Amortization of finance costs charged to interest	8,314	4,079
Provision for loss on accounts receivable	2,825	2,802
Non-cash unit-based compensation expense	14,760	11,970
Non-cash executive compensation expense	625	625
Deferred income taxes	7,682	(557)
Losses on disposal of assets	245	936
Allowance for equity funds used during construction	(18,588)	(25,548)
Distribution in excess of (less than) equity in earnings of affiliates, net	(430)	3,309
Other non-cash	(658)	—
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	200,132	(232,767)
Accounts receivable from related companies	(16,897)	1,298
Inventories	84,695	185,710
Deposits paid to vendors	26,250	(18,110)
Exchanges receivable	17,613	(29,503)
Prepaid expenses and other current assets	20,590	(10,835)
Intangibles and other assets	(2,043)	(1,333)
Accounts payable	(108,183)	309,768
Accounts payable to related companies	(27,595)	(22,457)
Exchanges payable	(31,843)	28,481
Customer advances and deposits	(33,793)	7,253
Accrued and other current liabilities	25,417	(71,113)
Income taxes payable	(10,418)	4,662
Interest payable	40,639	8,752
Other non-current liabilities	(155)	2,277
Price risk management assets and liabilities, net	(122,092)	(11,855)
Net cash provided by operating activities	$ 653,488	$ 709,179

Non-cash investing and financing activities and supplemental cash flow information are as follows:

	Six Months Ended June 30, 2009	2008
NON-CASH INVESTING ACTIVITIES:		
Investment in Calpine Corporation received in exchange for accounts receivable	$ —	$ 14,879
Capital expenditures accrued	$ 90,268	$ 173,776
Gain from subsidiary issuance of common units (recorded in partners' capital)	$ 46,078	$ 6,759
NON-CASH FINANCING ACTIVITIES:		
Long-term debt assumed and non-compete agreement notes payable issued in acquisitions	$ —	$ 3,948
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of interest capitalized	$ 178,469	$ 172,194
Cash paid for income taxes	$ 14,073	$ 9,218

4. ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following:

	June 30, 2009	December 31, 2008
Midstream and intrastate transportation and storage	$293,367	$ 415,507
Interstate transportation	30,121	29,309
Propane	73,299	155,191
Less - allowance for doubtful accounts	(8,463)	(8,750)
Total, net	$388,324	$ 591,257

The activity in the allowance for doubtful accounts during the six months ended June 30, 2009 consisted of the following:

Balance, December 31, 2008	$ 8,750
Accounts receivable written off, net of recoveries	(3,112)
Provision for loss on accounts receivable	2,825
Balance, June 30, 2009	$ 8,463

5. INVENTORIES:

Inventories consisted of the following:

	June 30, 2009	December 31, 2008
Natural gas and NGLs, excluding propane	$124,614	$ 184,727
Propane	39,951	63,967
Appliances, parts and fittings and other	23,089	23,654
Total inventories	$187,654	$ 272,348

During the three months ended March 31, 2009, we recorded a lower of cost or market adjustment of $44.6 million for natural gas inventory to reflect market values, which were less than the weighted-average cost. No lower of cost or market adjustments were recorded for the three months ended June 30, 2009 or the six months ended June 30, 2008.

We utilize commodity derivatives to manage price volatility associated with our natural gas inventory. During the three months ended June 30, 2009, we began designating commodity derivatives as fair value hedges for accounting purposes. Subsequent to the designation of those fair value hedging relationships, the designated hedged inventory has been recorded at fair value on our condensed consolidated balance sheet, and changes in its fair value have been recorded in cost of products sold in our condensed consolidated statement of operations. At June 30, 2009, $123.5 million of our natural gas inventory was recorded at fair value.

6. GOODWILL, INTANGIBLES AND OTHER ASSETS:

Components and useful lives of intangibles and other assets were as follows:

	June 30, 2009		December 31, 2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:				
Non-compete agreements (3 to 15 years)	$ 40,305	$ (26,698)	$ 40,301	$ (24,374)
Customer lists (3 to 30 years)	153,268	(46,651)	144,337	(39,730)
Contract rights (6 to 15 years)	23,015	(4,691)	23,015	(3,744)
Other (10 years)	477	(373)	2,677	(2,244)
Total amortizable intangible assets	217,065	(78,413)	210,330	(70,092)
Non-amortizable intangible assets - Trademarks	75,503	—	75,667	—
Total intangible assets	292,568	(78,413)	285,997	(70,092)
Other assets:				
Financing costs (3 to 30 years)	82,358	(28,936)	74,611	(23,508)
Regulatory assets	105,789	(7,720)	98,560	(5,941)
Other long-term assets	44,423	—	43,353	—
Total intangibles and other assets	$ 525,138	$ (115,069)	$ 502,521	$ (99,541)

Aggregate amortization expense of intangible and other assets was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Reported in depreciation and amortization	$ 4,983	$ 4,321	$ 9,692	$ 8,620
Reported in interest expense	$ 2,799	$ 2,322	$ 5,429	$ 4,356

Estimated aggregate amortization expense for the next five years is as follows:

Years Ending December 31:	
2010	$29,666
2011	27,257
2012	21,822
2013	16,014
2014	15,000

We review amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If such a review should indicate that the carrying amount of amortizable intangible assets is not recoverable, we reduce the carrying amount of such assets to fair value. We review goodwill and non-amortizable intangible assets for impairment annually, or more frequently if circumstances dictate. Our annual impairment test is performed as of December 31 for our interstate segment and as of August 31 for all others. No impairment of intangible assets was required for the three and six months ended June 30, 2009 or 2008. In December 2008, we recorded an impairment of the entire goodwill balance of $11.4 million related to the Canyon Gathering System. No goodwill impairment losses were recorded during the three and six months ended June 30, 2009 or 2008.

A decrease in goodwill of $8.7 million was recorded during the three months ended March 31, 2009 in connection with purchase price allocation adjustments related to prior acquisitions of propane businesses by ETP.

7. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other liabilities consisted of the following:

	June 30, 2009	December 31, 2008
Accrued wages and benefits	$ 66,064	$ 65,754
Accrued capital expenditures	90,268	153,230
Taxes other than income taxes	52,898	20,772
Other	64,277	73,384
Total accrued and other current liabilities	$273,507	$ 313,140

8. INVESTMENTS IN AFFILIATES:

Midcontinent Express Pipeline LLC

ETP is party to an agreement with Kinder Morgan Energy Partners, L.P. (“KMP”) for a 50/50 joint development of Midcontinent Express pipeline (“MEP”). Construction of the approximately 500-mile pipeline was completed and natural gas transportation service commenced August 1, 2009 on the pipeline from Delhi, Louisiana, to an interconnect with the Transco interstate natural gas pipeline in Butler, Alabama. Interim service began on the pipeline from Bennington, Oklahoma, to Delhi in April 2009. In July 2008, MEP completed an open season with respect to a capacity expansion of MEP from the original planned capacity of 1.5 Bcf/d to a total capacity of 1.8 Bcf/d for the main segment of the pipeline from north Texas to an interconnect location with the Columbia Gas Transmission Pipeline near Waverly, Louisiana. The additional 300 MMcf/d of capacity was fully subscribed as a result of this open season. The planned expansion of capacity will be added through the installation of additional compression on this segment of the pipeline and is pending approval from the Federal Energy Regulatory Commission (the “FERC”).

On January 9, 2009, MEP filed an amended application to revise its initial transportation rates to reflect an increase in projected costs for the project; the amended application was approved by the FERC on March 25, 2009.

Fayetteville Express Pipeline LLC

ETP is party to an agreement with KMP for a 50/50 joint development of the Fayetteville Express pipeline, an approximately 187-mile natural gas pipeline that will originate in Conway County, Arkansas, continue eastward through White County, Arkansas and terminate at an interconnect with Trunkline Gas Company in Quitman County, Mississippi. FEP, the entity formed to construct, own and operate this pipeline, filed with the FERC on June 15, 2009 to request a certificate of public convenience and necessity pursuant to Section 7(c) of the Natural Gas Act and related authorizations. The pipeline is expected to have an initial capacity of 2.0 Bcf/d. Pending necessary regulatory approvals, the pipeline project is expected to be in service by early 2011. FEP has secured binding 10-year commitments for transportation of approximately 1.85 Bcf/d. The new pipeline will interconnect with Natural Gas Pipeline Company of America (“NGPL”) in White County, Arkansas, Texas Gas Transmission in Coahoma County, Mississippi and ANR Pipeline Company in Quitman County, Mississippi. NGPL is operated and partially owned by Kinder Morgan, Inc. Kinder Morgan, Inc. owns the general partner of KMP. Pursuant to our agreement with KMP related to this project, we and KMP are each obligated to fund 50% of the equity necessary to construct the project.

Capital Contributions to Affiliates

During the six months ended June 30, 2009, we contributed $333.0 million to MEP and $31.0 million to FEP. With respect to MEP, capital expenditures were previously funded under a $1.4 billion credit facility (reduced to $1.3 billion due to the bankruptcy of Lehman Brothers). As this facility became substantially drawn during the first quarter of 2009, we and KMP have made and will continue to make capital contributions to MEP to fund capital expenditures until the project is completed. We expect that our capital contributions to MEP during the last six months of 2009 will be between $320.0 million and $340.0 million, which includes amounts to fund remaining expenditures for the project and an additional capital contribution to reduce the indebtedness of MEP to a level expected to be needed to obtain long-term financing for MEP, on a stand-alone basis without guarantees from ETP or KMP, on acceptable terms. With respect to FEP, we expect that our capital contributions will be between $160.0 million and $180.0 million during the last six months of 2009 to fund expenditures for the project. FEP intends to pursue financing (expected to be severally guaranteed by ETP and KMP), which, if arranged during the last six months of 2009, would reduce the level of expected capital contributions this year as capital expenditures for the project would be funded at the project level; however, the availability of such financing at agreeable terms remains uncertain.

9. FAIR VALUE MEASUREMENTS:

The carrying amounts of accounts receivable and accounts payable approximate their fair value. Price risk management assets and liabilities are recorded at fair value. Based on the estimated borrowing rates currently available to us and our subsidiaries for long-term loans with similar terms and average maturities, the aggregate fair value and carrying amount of long-term debt at June 30, 2009 was $7.49 billion and $7.31 billion, respectively. At December 31, 2008, the aggregate fair value and carrying amount of long-term debt was $6.41 billion and $7.24 billion, respectively.

The following table summarizes the fair value of our financial assets and liabilities as of June 30, 2009 and December 31, 2008, based on inputs used to derive their fair values in accordance with SFAS 157:

	Fair Value Measurements at June 30, 2009 Using			Fair Value Measurements at December 31, 2008 Using		
Description	Fair Value Total	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Fair Value Total	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:						
Marketable securities	$ 9,630	$ 9,630	$ —	$ 5,915	$ 5,915	$ —
Inventories	123,460	123,460	—	—	—	—
Commodity derivatives	9,492	7,038	2,454	111,513	106,090	5,423
Interest rate swap derivatives	1,818	—	1,818	—	—	—
Liabilities:						
Commodity derivatives	(196)	—	(196)	(43,336)	—	(43,336)
Interest rate swap derivatives	(141,034)	—	(141,034)	(220,806)	—	(220,806)
Total	$ 3,170	$ 140,128	$(136,958)	$(146,714)	$ 112,005	$(258,719)

During the three months ended June 30, 2009, we began designating certain commodity derivatives that are utilized to manage price volatility associated with our natural gas inventory as fair value hedges. Prior to April 2009, our natural gas inventory was recorded at weighted-average cost and therefore was not included in the table above. We consider the fair value of our hedged natural gas inventory to be a Level 1 valuation because it is stored at delivery points with active markets for which published prices are available.

10. INCOME TAXES:

The components of the federal and state income tax expense (benefit) of our taxable subsidiaries are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Current expense (benefit):				
Federal	$ (481)	$ 5,369	$ (5,107)	$ 4,846
State	3,404	5,362	6,896	8,641
Total	2,923	10,731	1,789	13,487
Deferred expense (benefit):				
Federal	1,027	(947)	7,693	1,162
State	(687)	(454)	(12)	(175)
Total	340	(1,401)	7,681	987
Total income tax expense	$ 3,263	$ 9,330	$ 9,470	$ 14,474
Effective tax rate	2.3%	5.3%	2.2%	3.2%

The effective tax rate differs from the statutory rate due primarily to Partnership earnings that are not subject to federal and state income taxes at the Partnership level.

11. INCOME PER LIMITED PARTNER UNIT:

A reconciliation of net income and weighted average units used in computing basic and diluted net income per unit is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Basic Net Income per Limited Partner Unit:				
Limited Partners' interest in net income	$ 104,053	$ 120,021	$ 255,120	$ 246,334
Weighted average Limited Partner units	222,898,248	222,829,956	222,898,157	222,829,956
Basic net income per Limited Partner unit	$ 0.47	$ 0.54	$ 1.14	$ 1.11
Diluted Net Income per Limited Partner Unit:				
Limited Partners' interest in net income	$ 104,053	$ 120,021	$ 255,120	$ 246,334
Dilutive effect of Unit Grants	(86)	(139)	(371)	(550)
Diluted net income available to Limited Partners	$ 103,967	$ 119,882	$ 254,749	$ 245,784
Weighted average Limited Partner units	222,898,248	222,829,956	222,898,157	222,829,956
Diluted net income per Limited Partner unit	$ 0.47	$ 0.54	$ 1.14	$ 1.10

12. DEBT OBLIGATIONS:

Revolving Credit Facilities and Term Loans

Parent Company Facilities

The Parent Company has a $1.45 billion Term Loan Facility and a Term Loan Maturity Date of November 1, 2012 (the "Parent Company Credit Agreement"). The Parent Company Credit Agreement also includes a $500.0 million Secured Revolving Credit Facility (the "Parent Company Revolving Credit Facility") available through February 8, 2011. The Parent Company Revolving Credit Facility includes a Swingline loan option with a maximum borrowing of $10.0 million and a daily rate based on LIBOR.

The total outstanding amount borrowed under the Parent Company Credit Agreement and the Parent Company Revolving Credit Facility as of June 30, 2009 was $1.57 billion. The total amount available under the Parent Company's debt facilities as of June 30, 2009 was $377.5 million. The Parent Company Revolving Credit Facility also contains an accordion feature which will allow the Parent Company, subject to bank syndication's approval, to expand the facility's capacity up to an additional $100.0 million.

The maximum commitment fee payable on the unused portion of the Parent Company Revolving Credit Facility is based on the applicable Leverage Ratio which is currently at Level I or 0.300%. Loans under the Parent Company Revolving Credit Facility bear interest at Parent Company's option at either, (a) the Eurodollar rate plus the applicable margin or (b) base rate plus the applicable margin. The applicable margins are a function of the Parent Company's leverage ratio that corresponds to levels set forth in the agreement. The applicable Term Loan bears interest at (a) the Eurodollar rate plus 1.75% per annum and (b) with respect to any Base Rate Loan, at Prime Rate plus 0.25% per annum. As of June 30, 2009, the weighted average interest rate was 2.67% for the amounts outstanding on the Parent Company Senior Secured Revolving Credit Facility and the Parent Company $1.45 billion Senior Secured Term Loan Facility.

The Parent Company Credit Agreement is secured by a lien on all tangible and intangible assets of the Parent Company and its subsidiaries, including its ownership of 62,500,797 ETP Common Units, the Parent Company's 100% interest in ETP LLC and ETP GP with indirect recourse to ETP GP's 2% General Partner interest in ETP and 100% of ETP GP's outstanding IDRs in ETP, which the Parent Company holds through its ownership of ETP GP.

ETP Credit Facility

The ETP Credit Facility provides for $2.0 billion of revolving credit capacity that is expandable to $3.0 billion (subject to obtaining the approval of the administrative agent and securing lender commitments for the increased borrowing capacity). The ETP Credit Facility matures on July 20, 2012, unless we elect the option of one-year extensions (subject to the approval of each such extension by the lenders holding a majority of the aggregate lending commitments). Amounts borrowed under the ETP Credit Facility bear interest at a rate based on either a Eurodollar rate or a prime rate. The indebtedness under the ETP Credit Facility is prepayable at any time at the Partnership's option without penalty. The commitment fee payable on the unused portion of the ETP Credit Facility varies based on our credit rating and the fee is 0.11% based on our current rating with a maximum fee of 0.125%.

As of June 30, 2009, there was no balance outstanding on the ETP Credit Facility and taking into account letters of credit of approximately $59.8 million, $1.94 billion was available for future borrowings.

HOLP Credit Facility

HOLP has a $75.0 million Senior Revolving Facility (the "HOLP Credit Facility") available to HOLP through June 30, 2011, which may be expanded to $150.0 million. Amounts borrowed under the HOLP Credit Facility bear interest at a rate based on either a Eurodollar rate or a prime rate. The commitment fee payable on the unused portion of the facility varies based on the Leverage Ratio, as defined in the credit agreement for the HOLP Credit Facility, with a maximum fee of 0.50%. The agreement includes provisions that may require contingent prepayments in the event of dispositions, loss of assets, merger or change of control. All receivables, contracts, equipment, inventory, general intangibles, cash concentration accounts of HOLP and the capital stock of HOLP's subsidiaries secure the HOLP Credit Facility. At June 30, 2009, there was no outstanding balance in revolving credit loans and $1.0 million in outstanding letters of credit. The amount available as of June 30, 2009 was $74.0 million.

ETP Senior Notes

2009 ETP Notes

In April 2009, ETP completed a public offering of $350.0 million aggregate principal amount of 8.50% Senior Notes due 2014 and $650.0 million aggregate principal amount of 9.00% Senior Notes due 2019 (collectively the "2009 ETP Notes"). The offering of the 2009 ETP Notes closed on April 7, 2009 and ETP used net proceeds of approximately $993.6 million to repay borrowings under the ETP Credit Facility and for general partnership purposes. Interest will be paid semi-annually.

The 2009 ETP Notes are unsecured obligations of the Partnership and the obligation of the Partnership to repay the 2009 ETP Notes is not guaranteed by any of the Partnership's subsidiaries. As a result, the 2009 ETP Notes effectively rank junior to any future indebtedness of ours or our subsidiaries that is both secured and unsubordinated to the extent of the value of the assets securing such indebtedness, and the 2009 ETP Notes effectively rank junior to all indebtedness and other liabilities of our existing and future subsidiaries.

Covenants Related to Our Credit Agreements

We were in compliance with all requirements, tests, limitations, and covenants related to our debt agreements at June 30, 2009.

13. PARTNERS' CAPITAL:

Under the terms of ETE's partnership agreement, the limited partners' potential liability is limited to their investment in the Partnership. The general partner of ETE manages and controls the business and affairs of the Partnership. The limited partners of ETE are not involved in the management and control of ETE.

Common Units Issued

The change in Common Units during the six months ended June 30, 2009 is as follows:

	Number of Units
Balance, December 31, 2008	222,829,956
Issuance of restricted Common Units under long-term incentive plan	68,292
Balance, June 30, 2009	222,898,248

Sale of Common Units by Subsidiary

The Parent Company accounts for the difference between the carrying amount of its investment in ETP and the underlying book value arising from issuance of units by ETP (excluding unit issuances to the Parent Company) as a capital transaction. If ETP issues units at a price less than the Parent Company's carrying value per unit, the Parent Company assesses whether the investment in ETP has been impaired, in which case a provision would be reflected in the statement of operations. The Parent Company did not recognize any impairment related to the issuance of ETP Units during the three and six months ended June 30, 2009.

In January 2009, ETP closed a public offering of 6,900,000 Common Units at $34.05 per ETP Common Unit. Net proceeds of approximately $225.9 million from the offering were used to repay outstanding borrowings under the ETP Credit Facility.

In April 2009, ETP closed a public offering of 9,775,000 ETP Common Units at $37.55 per ETP Common Unit. The proceeds of approximately $352.4 million, net of underwriting discounts and commissions, were used by ETP to fund capital expenditures and capital contributions to joint venture entities related to pipeline construction projects as well as for general partnership purposes. The units were registered under the Securities Act pursuant to a Registration Statement on Form S-3ASR.

During the six months ended June 30, 2009, the Parent Company recorded the difference of $15.6 million between the carrying amount of the Partnership's investment in ETP and its share of the underlying book value after giving effect to the above January 2009 transaction as a capital transaction based on the Partnership's ownership in ETP's limited partner interests being diluted from 41.09% to 39.31%. In addition, the Parent Company recorded the difference of $30.5 million between the carrying amount of the Partnership's investment in ETP and its share of the underlying book value after giving effect to the above April 2009 transaction as a capital transaction based on the Partnership's ownership in ETP's limited partner interests being diluted from 39.31% to 37.03%. The capital transactions are reflected in the Partnership's condensed consolidated balance sheet at June 30, 2009 as an increase in limited partners' capital. No deferred taxes were recorded and the transactions had no effect on the Partnership's income.

Parent Company Quarterly Distributions of Available Cash

Our distribution policy is consistent with the terms of our Partnership Agreement, which requires that we distribute all of our available cash quarterly. The Parent Company's only cash-generating assets currently consist of distributions from ETP related to limited and general partnership interests, including IDRs in ETP. We currently have no independent operations outside of our interests in ETP.

On February 19, 2009, the Parent Company paid a cash distribution for the three months ended December 31, 2008 of $0.51 per Common Unit, or $2.04 annualized, an increase of $0.12 per Common Unit on an annualized basis to Unitholders of record at the close of business on February 6, 2009.

On May 19, 2009, the Parent Company paid a cash distribution for the three months ended March 31, 2009 of $0.525 per Common Unit, or $2.10 annualized, an increase of $0.06 per Common Unit on an annualized basis to Unitholders of record at the close of business on May 8, 2009.

On July 28, 2009, the Parent Company declared a cash distribution for the three months ended June 30, 2009 of $0.535 per Common Unit, or $2.14 annualized, an increase of $0.04 per Common Unit on an annualized basis. This distribution will be paid on August 19, 2009 to Unitholders of record at the close of business on August 7, 2009.

ETP's Quarterly Distributions of Available Cash

ETP is required by its partnership agreement to distribute all cash on hand at the end of each quarter, less appropriate reserves determined by the board of directors of its general partner.

On February 13, 2009, ETP paid a per unit cash distribution related to the three months ended December 31, 2008 of $0.89375 per Common Unit ($3.575 per Limited Partner Unit annualized) to Unitholders of record at the close of business on February 6, 2009. ETP paid distributions of $83.9 million in the aggregate for ETP GP's 2% general partner interest in the Partnership and its IDRs for the three months ended December 31, 2008.

On May 15, 2009, ETP paid a per unit cash distribution related to the three months ended March 31, 2009 of $0.89375 per Common Unit ($3.575 per Limited Partner Unit annualized) to Unitholders of record at the close of business on May 8, 2009. ETP paid distributions of $89.0 million in the aggregate for ETP GP's 2% general partner interest in the Partnership and its IDRs for the three months ended March 31, 2009.

The total amount of distributions the Parent Company received from ETP during the six months ended June 30, 2009 relating to its limited partner interests, general partner interests and IDRs of ETP are as follows:

Limited Partner Interest	$ 111,720
General Partner Interest	9,442
Incentive Distribution Rights	163,424
Total distributions received from ETP	$ 284,586

On July 28, 2009, ETP declared a cash distribution for the three months ended June 30, 2009 of $0.89375 per Common Unit, or $3.575 annualized. This distribution will be paid on August 14, 2009 to Unitholders of record at the close of business on August 7, 2009.

The total amount of ETP distributions declared related to the six months ended June 30, 2009 are as follows (all from Available Cash from ETP's operating surplus):

Limited Partners -	
Common Units	$ 301,738
Class E Units	6,242
General Partner -	
2% Ownership	9,721
Incentive Distribution Rights	168,310
	$ 486,011

Based on ETP's current quarterly distributions of $0.89375 per unit, the Parent Company would be entitled to receive a quarterly cash distribution of approximately $144.9 million (or $579.5 million on an annualized basis), which consists of $4.8 million from the indirect ownership of the 2% general partner interest in ETP, $84.2 million from the indirect ownership of the IDRs in ETP and $55.9 million from the Common Units of ETP.

Accumulated Other Comprehensive Income

The following table presents the components of accumulated other comprehensive income (loss) ("AOCI"), net of tax:

	June 30, 2009	December 31, 2008
Net gain (loss) on commodity related derivatives	$ (864)	$ 8,735
Net loss on interest rate derivatives	(56,524)	(68,896)
Unrealized losses on available-for-sale securities	(2,275)	(5,983)
Noncontrolling interest	1,927	(1,681)
Total AOCI, net of tax	$(57,736)	$ (67,825)

14. UNIT-BASED COMPENSATION PLANS:

We recognized non-cash compensation expense related to the unit-based compensation plans of ETP and ETE of $7.8 million and $3.9 million for the three months ended June 30, 2009 and 2008, respectively. We recognized non-cash compensation expense related to the unit-based compensation plans of ETP and ETE of $14.8 million and $12.0 million for the six months ended June 30, 2009 and 2008, respectively.

ETE Long-Term Incentive Plan

As of June 30, 2009, a total of 65,000 unvested units are outstanding under the ETE Long-Term Incentive Plan to employees with vesting over a five-year period at 20%. These awards include rights to distributions paid on unvested units. As of June 30, 2009, a total of $0.8 million remains to be recognized as compensation expense during the vesting period related to these employee awards.

As of June 30, 2009, a total of 5,028 restricted units granted to ETE Directors are outstanding under the ETE Long-Term Incentive Plan.

ETP Unit-Based Compensation Plans

ETP Employee Grants

The following table shows the activity of the ETP awards during the six months ended June 30, 2009:

	Three-Year Performance Vesting (1)		Five-Year Service Vesting (2)		Other (3)		Total	
	Number of Units	Weighted Average Fair Value Per Unit	Number of Units	Weighted Average Fair Value Per Unit	Number of Units	Weighted Average Fair Value Per Unit	Number of Units	Weighted Average Fair Value Per Unit
Unvested awards as of December 31, 2008	150,852	$ 43.96	1,205,430	$ 35.87	8,976	$ 43.48	1,365,258	$ 36.81
Awards granted	—	—	35,850	34.60	—	—	35,850	34.60
Awards vested	(2,036)	43.96	(50,670)	38.27	—	—	(52,706)	38.49
Awards forfeited	(3,336)	43.96	(23,531)	36.51	—	—	(26,867)	37.44
Unvested awards as of June 30, 2009	145,480	$ 43.96	1,167,079	$ 35.71	8,976	$ 43.48	1,321,535	$ 36.67

(1) Includes awards subject to performance objectives and continued employment.

(2) Includes awards for which vesting is subject to continued employment.

(3) Includes special grants and awards issued with other vesting conditions.

As of June 30, 2009, a total of 4,785,940 ETP Common Units remain available to be awarded under ETP's equity incentive plans.

ETP recognized non-cash compensation expense related to employee grants under its unit-based compensation plans of $5.8 million and $5.5 million for the three months ended June 30, 2009 and 2008, respectively. ETP recognized non-cash compensation expense related to employee grants under its unit-based compensation plans of $10.8 million and $11.4 million for the six months ended June 30, 2009 and 2008, respectively. The total expected non-cash compensation expense to be recognized related to ETP's unvested employee awards as of June 30, 2009 is:

Years Ending December 31:	
2009 (remainder)	$ 9,009
2010	10,038
2011	5,896
2012	3,089
2013	1,010

ETP Director Grants

There were no new ETP director grants or awards vested during the six months ended June 30, 2009.

ETP recognized non-cash compensation expense related to director grants under its unit-based compensation plans of $0.04 million and $0.03 million for the three months ended June 30, 2009 and 2008, respectively. ETP recognized non-cash compensation expense related to director grants under its unit-based compensation plans of $0.08 million and $0.07 million for the six months ended June 30, 2009 and 2008, respectively.

Related Party Awards

During 2007 and 2008, a partnership (McReynolds Energy Partners, L.P.), the general partner of which is owned and controlled by our President, awarded to certain officers of ETP certain rights related to units of ETE previously issued by ETE to such officer. As of June 30, 2009, rights related to 695,000 unvested ETE units remained outstanding. In June 2008, 240,000 unit awards were forfeited due to the resignation of an officer of ETP. For the three months ended June 30, 2009, we recognized non-cash compensation expense of $1.8 million. For the three months ended June 30, 2008, we recognized non-cash compensation expense of $1.0 million related to these awards and reversed $2.7 million of previously recognized compensation cost related to the forfeiture of these awards, for a net benefit of $1.7 million. For the six months ended June 30, 2009 and 2008, we recognized non-cash compensation expense of $3.7 million and $0.5 million, respectively, related to these awards.

15. REGULATORY MATTERS, COMMITMENTS, CONTINGENCIES AND ENVIRONMENTAL LIABILITIES:

Regulatory Matters

Approval from the FERC is pending on our current pipeline construction projects, including MEP and FEP, as discussed in Note 8, and the Tiger Pipeline. We initiated public review of the Tiger pipeline pursuant to the FERC's National Environmental Policy Act ("NEPA") pre-filing review process in March 2009.

On September 29, 2006, Transwestern filed revised tariff sheets under Section 4(e) of the Natural Gas Act ("NGA") proposing a general rate increase to be effective on November 1, 2006. In April 2007, the FERC approved a Stipulation and Agreement of Settlement that resolved the primary components of the rate case. Transwestern's tariff rates and fuel rates are now final for the period of the settlement. Transwestern is required to file a new rate case no later than October 1, 2011.

The Phoenix project, as filed with the FERC on September 15, 2006, includes the construction and operation of approximately 260 miles of 36-inch or larger diameter pipeline extending from Transwestern's existing mainline in Yavapai County, Arizona to delivery points in the Phoenix, Arizona area and certain looping on Transwestern's existing San Juan Lateral with approximately 25 miles of 36-inch diameter pipeline. On November 15, 2007, the FERC issued an order granting Transwestern its Certificate of Public Convenience and Necessity ("Order"). Pursuant to the Order, Transwestern filed its initial Implementation Plan on November 14, 2007 and accepted the Order on November 19, 2007. The San Juan Lateral portion of the project was placed in service effective July 2008 and the pipeline to the Phoenix area was placed in service effective March 2009.

Guarantees

We have guaranteed 50% of the obligations of MEP under its $1.4 billion senior revolving credit facility (the "MEP Facility"), with the remaining 50% of MEP Facility obligations guaranteed by KMP. Subject to certain exceptions, our guarantee may be proportionately increased or decreased if our ownership percentage of MEP increases or decreases. The MEP Facility is unsecured and matures on February 28, 2011. The MEP Facility is syndicated among multiple financial institutions. As a result of the Lehman Brothers bankruptcy in 2008, the MEP Facility has effectively been reduced by the Lehman Brothers affiliate's commitment of approximately $100.0 million. However, the MEP Facility is not in default, and the commitments of the other lending banks remain unchanged.

As of June 30, 2009, MEP had $1.19 billion of outstanding borrowings and $33.3 million of letters of credit issued under the MEP Facility. Our contingent obligations with respect to our 50% guarantee of MEP's outstanding borrowings and letters of credit were $595.4 million and $16.6 million, respectively, as of June 30, 2009.

Commitments

In the normal course of our business, we purchase, process and sell natural gas pursuant to long-term contracts and enter into long-term transportation and storage agreements. Such contracts contain terms that are customary in the industry. We have also entered into several propane purchase and supply commitments, which are typically one year agreements with varying terms as to quantities, prices and expiration dates. We also have a contract to purchase not less than 90.0 million gallons per year that expires in 2015. We believe that the terms of these agreements are commercially reasonable and will not have a material adverse effect on our financial position or results of operations.

We have certain non-cancelable leases for property and equipment that require fixed monthly rental payments and expire at various dates through 2020. Rental expense under these operating leases has been included in operating expenses in the accompanying statements of operations and totaled approximately $5.5 million and $7.2 million for the three months ended June 30, 2009 and 2008, respectively. For the six months ended June 30, 2009 and 2008, rental expense totaled approximately $11.5 million and $15.4 million, respectively, for operating leases.

As discussed in Note 8, we also have commitments to make capital contributions to our joint ventures.

Litigation and Contingencies

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. Natural gas and propane are flammable, combustible gases. Serious personal injury and significant property damage can arise in connection with their transportation, storage or use. In the ordinary course of business, we are sometimes threatened with or named as a defendant in various lawsuits seeking actual and punitive damages for product liability, personal injury and property damage. We maintain liability insurance with insurers in amounts and with coverage and deductibles management believes are reasonable and prudent, and which are generally accepted in the industry. However, there can be no assurance that the levels of insurance protection currently in effect will continue to be available at reasonable prices or that such levels will remain adequate to protect us from material expenses related to product liability, personal injury or property damage in the future.

FERC/CFTC and Related Matters. On July 26, 2007, the FERC issued to us an Order to Show Cause and Notice of Proposed Penalties (the "Order and Notice") that contains allegations that ETP violated FERC rules and regulations. The FERC alleged that ETP engaged in manipulative or improper trading activities in the Houston Ship Channel, primarily on two dates during the fall of 2005 following the occurrence of Hurricanes Katrina and Rita, as well as on eight other occasions from December 2003 through August 2005, in order to benefit financially from our commodities derivatives positions and from certain of our index-priced physical gas purchases in the

Houston Ship Channel. The FERC alleged that during these periods ETP violated the FERC's then-effective Market Behavior Rule 2, an anti-market manipulation rule promulgated by the FERC under authority of the NGA. The FERC alleges that ETP violated this rule by artificially suppressing prices that were included in the Platts *Inside FERC* Houston Ship Channel index, published by McGraw-Hill Companies, on which the pricing of many physical natural gas contracts and financial derivatives are based. In its Order and Notice, the FERC also alleged that ETP manipulated daily prices at the Waha and Permian Hubs in west Texas on two dates. In its Order and Notice, the FERC specified that it was seeking $69.9 million in disgorgement of profits, plus interest, and $82.0 million in civil penalties relating to these market manipulation claims. The FERC specified that it was also seeking to revoke, for a period of 12 months, ETP's blanket marketing authority for sales of natural gas in interstate commerce at market-based prices. If the FERC is successful in revoking ETP's blanket marketing authority, ETP's sales of natural gas at market-based prices would be limited to sales to retail customers (such as utilities and other end-users) and sales from its own production, and any other sales of natural gas by ETP would be required to be made at contract prices that would be subject to individual FERC approval.

ETP's Oasis pipeline transports interstate natural gas pursuant to Natural Gas Policy Act ("NGPA") Section 311 authority and is subject to the FERC-approved rates, terms and conditions of service. The Order and Notice alleged that the Oasis pipeline violated NGPA regulations from January 26, 2004 through June 30, 2006 by granting undue preference to its affiliates for interstate NGPA Section 311 pipeline service to the detriment of similarly situated non-affiliated shippers and by charging in excess of the FERC-approved maximum lawful rate for interstate NGPA Section 311 transportation. The FERC specified that it was seeking approximately $15.5 million in civil penalties and disgorgement of overcharges related to these claims against Oasis. On May 15, 2008, the FERC ordered a hearing to be conducted by a FERC administrative law judge with respect to the Oasis claims. The hearing related to the Oasis claims was scheduled to commence in December 2008 with the administrative law judge's initial decisions due by May 11, 2009; however, on November 18, 2008, the administrative law judge presiding over the Oasis claims granted ETP's motion for summary disposition of the claim that Oasis unduly discriminated in favor of affiliates regarding the provision of Section 311(a)(2) interstate transportation service. ETP subsequently entered into an agreement with the Enforcement Staff to settle all of the claims related to Oasis. Pursuant to this agreement, Oasis will not pay any civil penalties to the FERC or make any other payments. On January 5, 2009, this agreement was submitted under seal to FERC by the presiding administrative law judge, for FERC's approval as an uncontested settlement of all Oasis claims. On February 27, 2009, the settlement agreement was approved by the FERC in its entirety and without modification, and the terms of the settlement were made public. The FERC's order is now final and non-appealable. We believe the Oasis settlement, as approved by the FERC, will not have a material adverse effect on our business, financial condition or results of operations.

On August 27, 2007, ETP filed a request for rehearing of the Order and Notice. On December 20, 2007, the FERC issued an order denying rehearing and directed the FERC Enforcement Staff to file a brief recommending disposition of issues by order or by evidentiary hearing. ETP filed its response to the Order and Notice with the FERC on October 9, 2007, which response refuted the FERC's claims and requested a dismissal of the FERC proceeding. On February 14, 2008, the Enforcement Staff of the FERC filed a brief recommending that the FERC refer various matters relating to its market manipulation allegations for an evidentiary hearing before a FERC administrative law judge. The Enforcement Staff also recommended that the FERC pursue market manipulation claims related to ETP's trading activities in October 2005 for November 2005 monthly deliveries, a period not previously covered by FERC's allegations in the Order and Notice, and that ETP be assessed an additional civil penalty of $25.0 million and be required to disgorge approximately $7.3 million of alleged unjust profits related to this additional month. On March 31, 2008, ETP responded to the Enforcement Staff's brief.

On May 15, 2008, the FERC ordered a hearing to be conducted by a FERC administrative law judge with respect to the FERC's market manipulation claims. In this order, the FERC set for hearing the Enforcement Staff's claims for the additional month in 2005, bringing the total amount of civil penalties and disgorgement of profits sought by the FERC relating to its market manipulation claims to approximately $181.9 million, excluding interest. The hearing related to the market manipulation claims was scheduled to commence in July 2009 with the administrative law judge's initial decision due by January 7, 2010; however, as discussed below, the procedural schedule (including the commencement of the hearing) has been postponed to August 12, 2009. The FERC also ordered that, following the completion of the hearings, the administrative law judges make initial findings with respect to whether ETP engaged in market manipulation in violation of the NGA and FERC regulations. The FERC reserved for itself the issues of possible civil penalties, revocation of ETP's blanket market certificate and whether ETP would disgorge any unjust profits. Following the issuance of the administrative law judge's initial decision related to the market manipulation claims, the FERC would then issue an order with respect to each of these matters. On May 23, 2008, ETP requested rehearing and stay of the FERC's May 15, 2008 order establishing hearing, and ETP renewed those requests on June 26, 2008.

On August 7, 2008, the FERC denied rehearing of its May 15, 2008 order. On August 8, 2008, ETP filed a petition with the U.S. Court of Appeals for the Fifth Circuit to review and set aside the FERC's May 15 and August 7, 2008 orders on the grounds that ETP is entitled to adjudicate the FERC's claims in federal district court pursuant to the NGA and the NGPA. On August 28, 2008, ETP filed an amended petition seeking review of the Order and Notice and the December 20, 2007 order denying rehearing. The Fifth Circuit dismissed ETP's petition without reaching the merits on April 28, 2009. On June 12, 2009, ETP sought rehearing and rehearing en banc of the Court's April 28, 2009 order. On July 1, 2009, the Fifth Circuit denied our requests for rehearing. On July 10, 2009, the chief administrative law judge issued an order suspending the procedural schedule and all hearing-related matters with respect to the FERC's market manipulation claims until August 12, 2009 in light of settlement discussions occurring between us and Enforcement Staff.

It is our position that ETP's trading and transportation activities during the periods at issue complied in all material aspects with applicable law and regulations, and we intend to contest these cases vigorously. However, the laws and regulations related to alleged market manipulation are vague, subject to broad interpretation, and offer little guiding precedent, while at the same time the FERC holds substantial enforcement authority.

In addition to the FERC legal action, third parties have asserted claims and may assert additional claims against us and ETP alleging damages related to these matters. In this regard, several natural gas producers and a natural gas marketing company have initiated legal proceedings in Texas state courts against us and ETP for claims related to the FERC claims. These suits contain contract and tort claims relating to alleged manipulation of natural gas prices at the Houston Ship Channel and the Waha Hub in West Texas, as well as the natural gas price indices related to these markets and the Permian Basin natural gas price index during the period from December 2003 through December 2006, and seek unspecified direct, indirect, consequential and exemplary damages. One of the suits against us and ETP contains an additional allegation that we and ETP transported gas in a manner that favored our affiliates and discriminated against the plaintiff, and otherwise artificially affected the market price of gas to other parties in the market. We have moved to compel arbitration and/or contested subject-matter jurisdiction in some of these cases. In one of these cases, the Texas Supreme Court ruled on July 3, 2009 that the state district court erred in ruling that a plaintiff was entitled to pre-arbitration discovery and therefore remanded to the state district court with a direction to rule on our original motion to compel arbitration pursuant to the terms of the arbitration clause in a natural gas contract between us and the plaintiff. This plaintiff has filed a motion with the Texas Supreme Court requesting a rehearing of the ruling.

We have also been served with a complaint from an owner of royalty interests in natural gas producing properties, individually and on behalf of a putative class of similarly situated royalty owners, working interest owners and producer/operators, seeking arbitration to recover damages based on alleged manipulation of natural gas prices at the Houston Ship Channel. We filed an original action in Harris County state court seeking a stay of the arbitration on the ground that the action is not arbitrable, and the state court granted our motion for summary judgment on that issue. This action is currently on appeal before the First Court of Appeals, Houston.

A consolidated class action complaint has been filed against ETP in the United States District Court for the Southern District of Texas. This action alleges that ETP engaged in intentional and unlawful manipulation of the price of natural gas futures and options contracts on the NYMEX in violation of the Commodity Exchange Act ("CEA"). It is further alleged that during the class period December 29, 2003 to December 31, 2005, ETP had the market power to manipulate index prices, and that it used this market power to artificially depress the index prices at major natural gas trading hubs, including the Houston Ship Channel, in order to benefit its natural gas physical and financial trading positions, and that ETP intentionally submitted price and volume trade information to trade publications. This complaint also alleges that ETP violated the CEA by knowingly aiding and abetting violations of the CEA. The plaintiffs state that this allegedly unlawful depression of index prices by ETP manipulated the NYMEX prices for natural gas futures and options contracts to artificial levels during the class period, causing unspecified damages to the plaintiffs and all other members of the putative class who sold natural gas futures or who purchased and/or sold natural gas options contracts on NYMEX during the class period. The plaintiffs have requested certification of their suit as a class action and seek unspecified damages, court costs and other appropriate relief. On January 14, 2008, ETP filed a motion to dismiss this suit on the grounds of failure to allege facts sufficient to state a claim. On March 20, 2008, the plaintiffs filed a second consolidated class action complaint. In response to this new pleading, on May 5, 2008, ETP filed a motion to dismiss the complaint. On March 26, 2009, the court issued an order dismissing the complaint, with prejudice, for failure to state a claim. The plaintiffs have since moved for reconsideration, and briefing on that motion is now complete.

On March 17, 2008, a second class action complaint was filed against ETP in the United States District Court for the Southern District of Texas. This action alleges that ETP engaged in unlawful restraint of trade and intentional monopolization and attempted monopolization of the market for fixed-price natural gas baseload transactions at the Houston Ship Channel from December 2003 through December 2005 in violation of federal antitrust law. The complaint further alleges that during this period ETP exerted monopoly power to suppress the price for these transactions to non-competitive levels in order to benefit its own physical natural gas positions. The plaintiff has, individually and on behalf of all other similarly situated sellers of physical natural gas, requested certification of its suit as a class action and seeks unspecified treble damages, court costs and other appropriate relief. On May 19, 2008, ETP filed a motion to dismiss this complaint. On March 26, 2009, the court issued an order dismissing the complaint. The court found that the plaintiffs failed to state a claim on all causes of action and for anti-trust injury but granted leave to amend. On April 23, 2009, the plaintiffs filed a motion for leave to amend to assert a claim for common law fraud and attached a proposed amended complaint as an exhibit. ETP opposed the motion and cross-moved to dismiss. On August 7, 2009, the court denied the plaintiff's motion and granted our motion to dismiss the complaint.

We are expensing the legal fees, consultants' fees and other expenses relating to these matters in the periods in which such expenses are incurred. In addition, our existing accruals for litigation and contingencies include an accrual related to these matters. However, it is possible that the amount we become obliged to pay as a result of the final resolution of these matters, whether on a negotiated settlement basis or otherwise, will exceed the amount of our existing accrual related to these matters. In accordance with applicable accounting standards, we will review the amount of our accrual related to these matters as developments related to these matters occur and we will adjust our accrual if we determine that it is probable that the amount we may ultimately become obliged to pay as a result of the final resolution of these matters is greater than the amount of our existing accrual for these matters. As our accrual amounts are non-cash, any cash payment of an amount in resolution of these matters would likely be made from cash from operations or borrowings, which payments would reduce our cash available to service our indebtedness either directly or as a result of increased principal and interest payments necessary to service any borrowings incurred to finance such payments. If these payments are substantial, we may experience a material adverse impact on our results of operations and our liquidity.

In re Natural Gas Royalties Qui Tam Litigation. MDL Docket No. 1293 (D. WY), Jack Grynberg, an individual, has filed actions against a number of companies, including Transwestern, now transferred to the U.S. District Court for the District of Wyoming, for damages for mis-measurement of gas volumes and Btu content, resulting in lower royalties to mineral interest owners. On October 20, 2006, the District Judge adopted in part the earlier recommendation of the Special Master in the case and ordered the dismissal of the case against Transwestern. Transwestern believes that its measurement practices conformed to the terms of its FERC Gas Tariff, which were filed with and approved by the FERC. As a result, Transwestern believes that is has meritorious defenses to these lawsuits (including FERC-related affirmative defenses, such as the filed rate/tariff doctrine, the primary/exclusive jurisdiction of the FERC, and the defense that Transwestern complied with the terms of its tariffs) and will continue to vigorously defend against them, including any appeal which may be taken from the dismissal of the Grynberg case. A hearing was held on April 24, 2007 regarding Transwestern's Supplemental Brief for Attorneys' fees which was filed on January 8, 2007 and the issues are submitted and are awaiting a decision. Grynberg moved to have the cases he appealed remanded to the district court for consideration in light of a recently-issued Supreme Court case. The defendants/appellees opposed the motion. The Tenth Circuit motions panel referred the remand motion to the merits panel to be carried with the appeals. Grynberg's opening brief was filed on or about July 31, 2007. Appellee's opposition brief was filed on or about November 21, 2007. Appellee Transwestern filed its separate response brief on January 11, 2008 and Grynberg's reply brief was filed in June 2008 and the hearing on all briefs was held in September 2008. On March 17, 2009, the Tenth Circuit affirmed the District Court's dismissal. We do not believe the outcome of this case will have a material adverse effect on our financial position, results of operations or cash flows.

Houston Pipeline Cushion Gas Litigation. At the time of the HPL System acquisition, AEP Energy Services Gas Holding Company II, L.L.C., HPL Consolidation LP and its subsidiaries (the "HPL Entities"), their parent companies and American Electric Power Corporation ("AEP"), were engaged in ongoing litigation with Bank of America ("B of A") that related to AEP's acquisition of HPL in the Enron bankruptcy and B of A's financing of cushion gas stored in the Bammel Storage Facility ("Cushion Gas"). This litigation is referred to as the "Cushion Gas Litigation". Under the terms of the Purchase and Sale Agreement and the related Cushion Gas Litigation Agreement, AEP and its subsidiaries that were the sellers of the HPL Entities retained control of the Cushion Gas Litigation and have agreed to indemnify ETC OLP and the HPL Entities for any damages arising from the Cushion Gas Litigation and the loss of use of the Cushion Gas, up to a maximum of the amount paid by ETC OLP for the HPL Entities and the working gas inventory (approximately $1.00 billion in the aggregate). The Cushion Gas

Litigation Agreement terminates upon final resolution of the Cushion Gas Litigation. In addition, under the terms of the Purchase and Sale Agreement, AEP retained control of additional matters relating to ongoing litigation and environmental remediation and agreed to bear the costs of or indemnify ETC OLP and the HPL Entities for the costs related to such matters. On December 18, 2007, the United States District Court for the Southern District of New York held that B of A is entitled to receive monetary damages from AEP and the HPL Entities of approximately $347.3 million less the monetary amount B of A would have incurred to remove 55 Bcf of natural gas from the Bammel Storage Facility. AEP is appealing the court decision. Based on the indemnification provisions of the Cushion Gas Litigation Agreement, ETP does not expect that it will be liable for any portion of this court award.

Other Matters. In addition to those matters described above, we or our subsidiaries are a party to various legal proceedings and/or regulatory proceedings incidental to our businesses. For each of these matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies, the likelihood of an unfavorable outcome and the availability of insurance coverage. If we determine that an unfavorable outcome of a particular matter is probable, can be estimated and is not covered by insurance, we make an accrual for the matter. For matters that are covered by insurance, we accrue the related deductible. As new information becomes available, our estimates may change. The impact of these changes may have a significant effect on our results of operations in a single period.

The outcome of these matters cannot be predicted with certainty and it is possible that the outcome of a particular matter will result in the payment of an amount in excess of the amount accrued for the matter. As our accrual amounts are non-cash, any cash payment of an amount in resolution of a particular matter would likely be made from cash from operations or borrowings. If cash payments to resolve a particular matter substantially exceed our accrual for such matter, we may experience a material adverse impact on our results of operations, cash available for distribution and our liquidity.

As of June 30, 2009 and December 31, 2008, accruals of approximately $21.0 million were recorded as accrued and other current liabilities and other non-current liabilities on our condensed consolidated balance sheets for our contingencies and current litigation matters, excluding accruals related to environmental matters and matters covered by insurance.

Environmental Matters

Our operations are subject to extensive federal, state and local environmental laws and regulations that require expenditures for remediation at operating facilities and waste disposal sites. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in the natural gas pipeline and processing business, and there can be no assurance that significant costs and liabilities will not be incurred. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies thereunder, and claims for damages to property or persons resulting from the operations, could result in substantial costs and liabilities. Accordingly, we have adopted policies, practices and procedures in the areas of pollution control, product safety, occupational health, and the handling, storage, use and disposal of hazardous materials to prevent material environmental or other damage, and to limit the financial liability, which could result from such events. However, some risk of environmental or other damage is inherent in the natural gas pipeline and processing business, as it is with other entities engaged in similar businesses.

Transwestern conducts soil and groundwater remediation at a number of its facilities. Some of the clean up activities include remediation of several compressor sites on the Transwestern system for historical contamination by polychlorinated biphenyls (“PCBs”) and the costs of this work are not eligible for recovery in rates. The total accrued future estimated cost of remediation activities expected to continue through 2018 is $8.9 million. Transwestern received FERC approval for rate recovery of projected soil and groundwater remediation costs not related to PCBs effective April 1, 2007.

Transwestern continues to incur certain costs related to PCBs that might have migrated through its pipelines into customers’ facilities in the past. Transwestern, as part of ongoing arrangements with customers, continues to incur costs associated with containing and removing the PCBs. Costs of these remediation activities were minimal for both the three and six months ended June 30, 2009. Future costs cannot be reasonably estimated because remediation activities are undertaken as potential claims are made by customers and former customers, and

accordingly, no accrual has been established for these costs at June 30, 2009. However, such future costs are not expected to have a material impact on our financial position, results of operations or cash flows.

Environmental regulations were recently modified for the U.S. Environmental Protection Agency's (the "EPA") Spill Prevention, Control and Countermeasures ("SPCC") program. We are currently reviewing the impact to our operations and expect to expend resources on tank integrity testing and any associated corrective actions as well as potential upgrades to containment structures. Costs associated with tank integrity testing and resulting corrective actions cannot be reasonably estimated at this time, but we believe such costs will not have a material adverse effect on our financial position, results of operations or cash flows.

In July 2001, HOLP acquired a company that had previously received a request for information from the EPA regarding potential contribution to a widespread groundwater contamination problem in San Bernardino, California, known as the Newmark Groundwater Contamination. Although the EPA has indicated that the groundwater contamination may be attributable to releases of solvents from a former military base located within the subject area that occurred long before the facility acquired by HOLP was constructed, it is possible that the EPA may seek to recover all or a portion of groundwater remediation costs from private parties under the Comprehensive Environmental Response, Compensation, and Liability Act (commonly called Superfund). We have not received any follow-up correspondence from the EPA on the matter since our acquisition of the predecessor company in 2001. Based upon information currently available to HOLP, it is believed that HOLP's liability if such action were to be taken by the EPA would not have a material adverse effect on our financial condition or results of operations.

Petroleum-based contamination or environmental wastes are known to be located on or adjacent to six sites on which HOLP presently has, or formerly had, retail propane operations. These sites were evaluated at the time of their acquisition. In all cases, remediation operations have been or will be undertaken by others, and in all six cases, HOLP obtained indemnification rights for expenses associated with any remediation from the former owners or related entities. We have not been named as a potentially responsible party at any of these sites, nor have our operations contributed to the environmental issues at these sites. Accordingly, no amounts have been recorded in our condensed consolidated balance sheets. Based on information currently available to us, such projects are not expected to have a material adverse effect on our financial condition or results of operations.

Environmental exposures and liabilities are difficult to assess and estimate due to unknown factors such as the magnitude of possible contamination, the timing and extent of remediation, the determination of our liability in proportion to other parties, improvements in cleanup technologies and the extent to which environmental laws and regulations may change in the future. Although environmental costs may have a significant impact on the results of operations for any single period, we believe that such costs will not have a material adverse effect on our financial position.

As of June 30, 2009 and December 31, 2008, an accrual on an undiscounted basis of $12.9 million and $13.3 million, respectively, was recorded in our condensed consolidated balance sheets as accrued and other current liabilities and other non-current liabilities to cover environmental liabilities related to certain matters assumed in connection with the HPL System acquisition, the Transwestern acquisition and the potential environmental liabilities for three sites that were formerly owned by Titan or its predecessors.

Based on information available at this time and reviews undertaken to identify potential exposure, we believe the amount reserved for all of the above environmental matters is adequate to cover the potential exposure for clean-up costs.

Our pipeline operations are subject to regulation by the U.S. Department of Transportation under the Pipeline Hazardous Materials Safety Administration ("PHMSA"), pursuant to which the PHMSA has established requirements relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. Moreover, the PHMSA, through the Office of Pipeline Safety, has promulgated a rule (the "IMP Rule") requiring pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines, and take measures to protect pipeline segments located in what the rule refers to as "high consequence areas". Activities under these integrity management programs involve the performance of internal pipeline inspections, pressure testing or other effective means to assess the integrity of these regulated pipeline segments, and the regulations require prompt action to address integrity issues raised by the assessment and analysis. For the three months ended June 30, 2009 and 2008, $11.6 million and $4.0 million, respectively, of capital costs and $5.6 million and $7.1 million, respectively, of operating and maintenance costs have been incurred for pipeline integrity testing. For the six months ended June 30, 2009 and 2008, $15.3 million and $5.5 million, respectively, of capital

costs and $9.0 million and $10.7 million, respectively, of operating and maintenance costs have been incurred for pipeline integrity testing. Integrity testing and assessment of all of these assets will continue, and the potential exists that results of such testing and assessment could cause us to incur even greater capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of its pipelines.

16. PRICE RISK MANAGEMENT ASSETS AND LIABILITIES:

Commodity Price Risk

We are exposed to market risks related to the volatility of natural gas, NGL and propane prices. To manage the impact of volatility from these prices, we utilize various exchange-traded and over-the-counter ("OTC") commodity financial instrument contracts. These contracts consist primarily of futures and swaps and are recorded at fair value in the condensed consolidated balance sheets. In general, we use derivatives to eliminate market exposure and price risk within our segments as follows:

- Derivatives are utilized in our midstream segment in order to mitigate price volatility in our marketing activities and manage fixed price exposure incurred from contractual obligations.
- We use derivative financial instruments in connection with our natural gas inventory at the Bammel Storage Facility by purchasing physical natural gas and then selling financial contracts at a price sufficient to cover its carrying costs and provide a gross profit margin. We also use derivatives in our intrastate transportation and storage segment to hedge the sales price of retention gas and hedge location price differentials related to the transportation of natural gas.
- Our propane segment permits customers to guarantee the propane delivery price for the next heating season. As we execute fixed sales price contracts with our customers, we may enter into propane futures contracts to fix the purchase price related to these sales contracts, thereby locking in a gross profit margin. Additionally, we may use propane futures contracts to secure the purchase price of our propane inventory for a percentage of our anticipated propane sales.

We have a risk management policy that specifies the manner in which derivative financial instruments are employed and monitored in connection with underlying asset, liability and/or anticipated transactions. Furthermore, on a bi-weekly basis, management reviews the creditworthiness of the derivative counterparties to manage against the risk of default.

The market prices used to value our financial derivatives and related transactions have been determined using independent third party prices, readily available market information, broker quotes and appropriate valuation techniques.

Non-trading Activities

If we designate a derivative financial instrument as a cash flow hedge and it qualifies for hedge accounting, the change in the fair value is deferred in AOCI until the underlying hedged transaction occurs. Any ineffective portion of a cash flow hedge's change in fair value is recognized each period in earnings. Gains and losses deferred in AOCI related to cash flow hedges remain in AOCI until the underlying physical transaction occurs, unless it is probable that the forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter. For financial derivative instruments that do not qualify for hedge accounting, the change in fair value is recorded in cost of products sold in the condensed consolidated statements of operations.

We expect losses of $2.3 million related to commodity derivatives to be reclassified into earnings over the next twelve months related to amounts currently reported in AOCI. The amount ultimately realized, however, will differ as commodity prices change and the underlying physical transaction occurs.

If we designate a hedging relationship as a fair value hedge, we record the changes in fair value of the hedged asset or liability in cost of products sold in our condensed consolidated statement of operations. This amount is offset by the changes in fair value of the related hedging instrument. Any ineffective portion or amount excluded from the assessment of hedge ineffectiveness is also included in the cost of products sold in the condensed consolidated statement of operations.

We use futures and basis swaps, designated as fair value hedges, to hedge our natural gas inventory stored in our Bammel storage facility. Changes in the spreads between the forward natural gas prices designated as fair value hedges and the physical Bammel inventory spot price result in unrealized margins until the underlying physical gas is withdrawn and the related designated derivatives are settled. Once the gas is withdrawn and the designated derivatives are settled, the previously unrealized gains/losses associated with these positions are realized.

We attempt to maintain balanced positions in our non-trading activities to protect ourselves from the volatility in the energy commodities markets; however, net unbalanced positions can exist. Long-term physical contracts are tied to index prices. System gas, which is also tied to index prices, is expected to provide most of the gas required by our long-term physical contracts. When third-party gas is required to supply long-term contracts, a hedge is put in place to protect the margin on the contract. Financial contracts, which are not tied to physical delivery, are expected to be offset with financial contracts to balance our positions. To the extent open commodity positions exist, fluctuating commodity prices can impact our financial position and results of operations, either favorably or unfavorably.

Trading Activities

As of July 2008, we no longer engage in the trading of commodity derivative instruments that are not substantially offset by physical or other commodity derivative positions. As a result, we no longer have any material exposure to market risk from such activities. The derivative contracts that were previously entered into for trading purposes were recognized in the condensed consolidated balance sheets at fair value, and changes in the fair value of these derivative instruments are recognized in revenue in the condensed consolidated statements of operations on a net basis. There were no gains or losses associated with trading activities during the three and six months ended June 30, 2009. Trading activities, including trading of physical gas and financial derivative instruments, resulted in net losses of approximately $26.1 million for the year-to-date period ended July 31, 2008.

The following table details the outstanding commodity-related derivatives:

June 30, 2009

	Commodity	Notional Volume	Maturity
Mark to Market Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	50,700,000	2009-2011
Swing Swaps IFERC (MMBtu)	Gas	(44,095,000)	2009-2010
Fixed Swaps/Futures (MMBtu)	Gas	4,567,500	2009-2011
Forwards/Swaps (Gallons)	Propane/Ethane	15,078,000	2009-2010
Fair Value Hedging Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	(31,117,500)	2009-2010
Fixed Swaps/Futures (MMBtu)	Gas	(31,990,000)	2009-2010
Hedged Item - Inventory	Gas	31,990,000	2009-2010
Cash Flow Hedging Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	460,000	2009
Fixed Swaps/Futures (MMBtu)	Gas	460,000	2009
Forward/Swaps (Gallons)	Propane/Ethane	18,858,000	2009-2010

December 31, 2008

	Commodity	Notional Volume	Maturity
Mark to Market Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	15,720,000	2009-2011
Swing Swaps IFERC (MMBtu)	Gas	(58,045,000)	2009
Fixed Swaps/Futures (MMBtu)	Gas	(20,880,000)	2009-2010
Forwards/Swaps (Gallons)	Propane	47,313,002	2009
Cash Flow Hedging Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	(9,085,000)	2009
Fixed Swaps/Futures (MMBtu)	Gas	(9,085,000)	2009

Interest Rate Risk

We are exposed to market risk for changes in interest rates. We manage a portion of our current and future interest rate exposures by utilizing interest rate swaps, certain of which are accounted for as cash flow hedges.

We have the following interest rate swaps outstanding as of June 30, 2009:

- Forward starting swaps with a notional amount of $500.0 million to pay an average fixed rate of 3.99% and receive a floating rate based on LIBOR. These swaps settle in December 2009;
- Interest rate swaps with a notional amount of $300.0 million to pay an average fixed rate of 5.20% and receive a floating rate based on LIBOR. These swaps settle in May 2016;
- Interest rate swaps with a notional amount of $500.0 million to pay a fixed rate of 4.57% and receive a floating rate based on LIBOR. These swaps settle in November 2012 with a cancellable option in November 2010; and,
- Interest rate swaps with a notional amount of $700.0 million to pay an average fixed rate of 4.84% and receive a floating rate based on LIBOR. These swaps settle in November 2012.

In April 2009, the Partnership terminated forward starting swaps with notional amounts of $100.0 million and $150.0 million for an insignificant amount.

Derivative Summary

The following table provides a balance sheet overview of the Partnership's derivative assets and liabilities as of June 30, 2009 and December 31, 2008:

		Fair Value of Derivative Instruments			
		Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Derivatives designated as hedging instruments under SFAS 133:					
Commodity Derivatives (margin deposits)	Deposits Paid to Vendors	$17,424	$ 10,665	$ (5,547)	$ (1,504)
Commodity Derivatives	Price Risk Management Assets/Liabilities	1,457	918	(93)	(119)
Interest Rate Swap Derivatives	Price Risk Management Assets/Liabilities	—	—	(61,687)	(71,042)
Total derivatives designated as hedging instruments		$18,881	$ 11,583	$ (67,327)	$ (72,665)
Derivatives not designated as hedging instruments under SFAS 133:					
Commodity Derivatives (margin deposits)	Deposits Paid to Vendors	$20,809	$ 432,614	$ (25,648)	$ (335,685)
Commodity Derivatives	Price Risk Management Assets/Liabilities	1,172	17,244	(278)	(55,954)
Interest Rate Swap Derivatives	Price Risk Management Assets/Liabilities	1,818	—	(79,346)	(149,765)
Total derivatives not designated as hedging instruments		$23,799	$ 449,858	$(105,272)	$ (541,404)
Total derivatives		$42,680	$ 461,441	$(172,599)	$ (614,069)

We disclose the non-exchange traded financial derivative instruments as price risk management assets and liabilities on our consolidated balance sheets at fair value with amounts classified as either current or long-term depending on the anticipated settlement date.

We utilize master-netting agreements and have maintenance margin deposits with certain counterparties in the OTC market and with clearing brokers. Payments on margin deposits are required when the value of a derivative exceeds our pre-established credit limit with the counterparty. Margin deposits are returned to us on the settlement date for non-exchange traded derivatives. We exchange margin calls on a daily basis for exchange traded transactions. Since the margin calls are made daily with the exchange brokers, the fair value of the financial derivative instruments are deemed current and netted in deposits paid to vendors in the condensed consolidated balance sheets. The Partnership had net deposits with counterparties of $52.0 million and $78.2 million as of June 30, 2009 and December 31, 2008, respectively, reflected as deposits paid to vendors in our condensed consolidated balance sheets.

The following tables detail the effect of the Partnership's derivative assets and liabilities in the condensed consolidated statements of operations for the periods presented:

	Location of Gain/(Loss) Reclassified from AOCI into Income (Effective and Ineffective Portion)	Change in Value Recognized in OCI on Derivatives (Effective Portion) Three Months Ended June 30,		Amount of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion) Three Months Ended June 30,		Amount of Gain/(Loss) Recognized in Income on Ineffective Portion of Derivatives Three Months Ended June 30,	
		2009	2008	2009	2008	2009	2008
Derivatives in SFAS 133 cash flow hedging relationships:							
Commodity Derivatives	Cost of Products Sold	$1,336	$ (1,312)	$ (928)	$ (9,689)	$ —	$ (16)
Interest Rate Swap Derivatives	Interest Expense	5,363	24,712	(6,875)	(2,714)	—	—
Total		$6,699	$23,400	$ (7,803)	$(12,403)	$ —	$ (16)

		Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
		2009	2008	2009	2008	2009	2008
Derivatives in SFAS 133 cash flow hedging relationships:							
Commodity Derivatives	Cost of Products Sold	$ (50)	$ (7,573)	$ 9,549	$ 21,183	$ —	$ (8,336)
Interest Rate Swap Derivatives	Interest Expense	162	(2,282)	(11,707)	(4,253)	—	2
Total		$ 112	$ (9,855)	$ (2,158)	$ 16,930	$ —	$ (8,334)

	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives representing hedge ineffectiveness and amount excluded from the assessment of effectiveness Three Months Ended June 30,		Six Months Ended June 30,	
		2009	2008	2009	2008
Derivatives in SFAS 133 fair value hedging relationships:					
Commodity Derivatives (including hedged items)	Cost of Products Sold	$12,498	$ —	$ 12,498	$ —
Total		$12,498	$ —	$ 12,498	$ —

	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives Three Months Ended June 30,		Six Months Ended June 30,	
		2009	2008	2009	2008
Derivatives not designated as hedging instruments under SFAS 133:					
Commodity Derivatives	Cost of Products Sold	$ 5,138	$(38,732)	$ 56,576	$(83,578)
Trading Commodity Derivatives	Revenue	—	9,139	—	8,446
Interest Rate Swap Derivatives	Gains (Losses) on Non-hedged Interest Rate Derivatives	49,911	27,178	59,962	(4,458)
Total		$55,049	$ (2,415)	$116,538	$(79,590)

Credit Risk

We maintain credit policies with regard to our counterparties that we believe minimize our overall credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit ratings), collateral requirements under certain circumstances and the use of standardized agreements that allow for netting of positive and negative exposure associated with a single counterparty.

Our counterparties consist primarily of financial institutions, major energy companies and local distribution companies. This concentration of counterparties may impact our overall exposure to credit risk, either positively or negatively in that the counterparties may be similarly affected by changes in economic, regulatory or other

conditions. Based on our policies, exposures, credit and other reserves, management does not anticipate a material adverse effect on financial position or results of operations as a result of counterparty performance.

For financial instruments, failure of a counterparty to perform on a contract could result in our inability to realize amounts that have been recorded on our condensed consolidated balance sheets and recognized in net income or other comprehensive income.

17. RELATED PARTY TRANSACTIONS:

We made the following sales to and purchases from affiliates of Enterprise GP Holdings L.P. ("Enterprise"):

		Three Months Ended June 30,				Six Months Ended June 30,			
		2009		2008		2009		2008	
Enterprise Transactions	Product	Volumes (in thousands)	Dollars	Volumes (in thousands)	Dollars	Volumes (in thousands)	Dollars	Volumes (in thousands)	Dollars
Propane Operations:									
Sales	Propane (Gallons)	7,770	$ 5,226	3,150	$ 5,050	16,800	$ 11,508	12,180	$ 18,240
	Derivative Activity	—	—	—	453	—	—	—	2,376
Purchases	Propane (Gallons)	44,623	$36,348	27,473	$78,857	159,220	$138,274	168,595	$278,383
	Derivative Activity	—	4,657	—	—	—	37,949	—	—
Natural Gas Operations:									
Sales	NGLs (Gallons)	124,983	$85,014	8,591	$14,754	240,838	$151,199	15,977	$ 24,913
	Natural Gas (MMBtu)	2,843	6,360	1,430	13,817	4,098	16,049	3,032	26,678
	Fees	—	(783)	—	1,486	—	(2,174)	—	3,158
Purchases	Natural Gas Imbalances	(1,270)	$ (559)	2,775	$ 7,608	251	$ 499	1,981	$ 2,920
	Natural Gas (MMBtu)	894	3,066	7,738	32,201	3,596	15,614	5,329	51,973
	Fees	—	181	—	257	—	233	—	512

Accounts receivable from and accounts payable to related companies as of June 30, 2009 and December 31, 2008 relate primarily to activities in the normal course of business.

Titan purchases substantially all of its propane requirements from Enterprise pursuant to an agreement that expires in 2010. As of June 30, 2009 and December 31, 2008, Titan had forward mark-to-market derivatives for approximately 15.1 million and 45.2 million gallons of propane at a fair value asset of $0.9 million and a fair value liability of $40.1 million, respectively, with Enterprise. In addition, as of June 30, 2009, Titan had forward derivatives accounted for as cash flow hedges of 18.8 million gallons of propane at a fair value asset of $1.3 million with Enterprise.

ETC OLP and Enterprise transport natural gas on each other's pipelines, share operating expenses on jointly-owned pipelines and ETC OLP sells natural gas to Enterprise. Our propane operations routinely buy and sell product with Enterprise. The following table summarizes the related party balances with Enterprise on our condensed consolidated balance sheets:

	June 30, 2009	December 31, 2008
Natural Gas Operations:		
Accounts receivable	$30,551	$ 11,558
Accounts payable	866	567
Imbalance payable	(1,194)	(547)
Propane Operations:		
Accounts receivable	$ 742	$ 111
Accounts payable	5,166	33,308

Accounts receivable from related companies excluding Enterprise consist of the following:

	June 30, 2009	December 31, 2008
MEP	$ 137	$ 2,805
McReynolds Energy	—	202
Energy Transfer Technologies, Ltd.	11	16
Others	792	450
Total accounts receivable from related companies excluding Enterprise	$ 940	$ 3,473

The Chief Executive Officer ("CEO") of ETP's General Partner, Mr. Kelcy Warren, voluntarily determined that after 2007, his salary would be reduced to $1.00 plus an amount sufficient to cover his allocated payroll deductions for health and welfare benefits. Mr. Warren also declined future cash bonuses and future equity awards. We recorded non-cash compensation expense and an offsetting capital contribution of $0.6 million ($0.2 million in salary and $0.4 million in accrued bonuses) for the six months ended June 30, 2009 and 2008 as an estimate of the reasonable compensation level for the CEO position.

18. REPORTABLE SEGMENTS:

Our financial statements reflect four reportable segments which conduct their business exclusively in the United States of America, as follows:

- natural gas operations:
  - intrastate transportation and storage
  - interstate transportation
  - midstream
- retail propane and other retail propane related operations

Segments below the quantitative thresholds are classified as "other". The components of the "other" classification have not met any of the quantitative thresholds for determining reportable segments. Management has included the wholesale propane operations in "other" for all periods presented in this report because such operations are not material.

Midstream and intrastate transportation and storage segment revenues and expenses include intersegment and intrasegment transactions, which are generally based on transactions made at market-related rates. Consolidated revenues and expenses reflect the elimination of all material intercompany transactions.

We evaluate the performance of our operating segments based on operating income exclusive of general partnership selling, general and administrative expenses, gains (losses) on disposal of assets, interest expense, equity in earnings (losses) of affiliates and income tax expense (benefit). Certain overhead costs relating to a reportable segment have been allocated for purposes of calculating operating income. We allocate administration expenses from the Partnership to our Operating Partnerships using the Modified Massachusetts Formula Calculation, which is based on factors such as respective segments' gross margins, employee costs and property and equipment.

The expenses subject to allocation are based on estimated amounts and take into consideration actual expenses from previous months and known trends. The difference between the allocation and actual costs is adjusted in the following month. The amounts allocated for the periods presented are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Costs allocated from ETP to Operating Partnerships:				
Midstream and intrastate transportation and storage operations	$ 4,478	$ 4,688	$ 10,578	$ 8,585
Interstate operations	1,400	1,353	3,298	2,506
Retail propane and other retail propane related operations	3,452	2,975	8,106	5,525
Total	$ 9,330	$ 9,016	$ 21,982	$ 16,616
Costs allocated from Operating Partnerships to ETP:				
Midstream and intrastate transportation and storage operations	$ 4,291	$ 2,560	$ 8,176	$ 3,933
Retail propane and other retail propane related operations	(33)	752	412	1,353
Total	$ 4,258	$ 3,312	$ 8,588	$ 5,286

The following table presents the financial information by segment for the following periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues:				
Intrastate transportation and storage:				
Revenues from external customers	$ 372,674	$ 1,013,862	$ 828,477	$ 1,979,522
Intersegment revenues	121,260	858,383	294,108	1,373,564
	493,934	1,872,245	1,122,585	3,353,086
Interstate transportation - revenues from external customers	70,585	59,224	131,934	114,640
Midstream:				
Revenues from external customers	504,973	1,302,551	1,099,776	2,289,322
Intersegment revenues	40,795	571,869	77,624	830,862
	545,768	1,874,420	1,177,400	3,120,184
Retail propane and other retail propane related - revenues from external customers	202,272	273,660	718,184	899,375
All other - revenues from external customers	1,186	4,054	3,293	9,737
Eliminations	(162,055)	(1,430,252)	(371,732)	(2,204,426)
Total revenues	$1,151,690	$ 2,653,351	$2,781,664	$ 5,292,596
Cost of products sold:				
Intrastate transportation and storage	$ 233,951	$ 1,614,660	$ 616,565	$ 2,815,132
Midstream	470,108	1,768,161	1,029,284	2,919,131
Retail propane and other retail propane related	82,886	168,282	307,991	566,013
All other	1,103	3,221	3,024	7,940
Eliminations	(162,055)	(1,430,252)	(371,732)	(2,204,426)
Total cost of products sold	$ 625,993	$ 2,124,072	$1,585,132	$ 4,103,790
Depreciation and amortization:				
Intrastate transportation and storage	$ 27,929	$ 22,092	$ 55,032	$ 40,612
Interstate transportation	12,837	9,266	23,496	18,566
Midstream	18,176	14,474	35,672	29,306
Retail propane and other retail propane related	20,174	19,487	40,446	38,573
All other	113	157	242	302
Total depreciation and amortization	$ 79,229	$ 65,476	$ 154,888	$ 127,359

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Operating income (loss):				
Intrastate transportation and storage	$ 154,859	$134,300	$ 296,504	$ 320,079
Interstate transportation	31,950	28,491	60,145	57,717
Midstream	27,065	64,284	51,218	115,684
Retail propane and other retail propane related	4,560	(5,523)	168,629	101,432
All other	(1,143)	(461)	(2,035)	(592)
Selling, general and administrative expenses not allocated to segments	(2,260)	849	(3,332)	(4,451)
Total operating income	$ 215,031	$221,940	$ 571,129	$ 589,869
Other items not allocated by segment:				
Interest expense, net of interest capitalized	$(119,559)	$ (90,543)	$(220,950)	$(170,997)
Equity in earnings (losses) of affiliates	1,673	(169)	2,170	(95)
Gains (losses) on disposal of assets	181	515	(245)	(936)
Gains (losses) on non-hedged interest rate derivatives	49,911	27,178	59,962	(4,458)
Allowance for equity funds used during construction	(1,839)	15,660	18,588	25,548
Other, net	(377)	1,567	324	9,519
Income tax expense	(3,263)	(9,330)	(9,470)	(14,474)
	(73,273)	(55,122)	(149,621)	(155,893)
Net income	$ 141,758	$166,818	$ 421,508	$ 433,976

	As of June 30, 2009	As of December 31, 2008
Total assets:		
Intrastate transportation and storage	$ 4,931,091	$ 4,911,770
Interstate transportation	2,896,988	2,487,078
Midstream	1,707,809	1,674,028
Retail propane and other retail propane related	1,688,568	1,810,953
All other	210,853	186,073
Total	$ 11,435,309	$ 11,069,902

	Six Months Ended June 30,	
	2009	2008
Additions to property, plant and equipment including acquisitions, net of contributions in and of construction costs (accrual basis):		
Intrastate transportation and storage	$ 306,096	$ 482,667
Interstate transportation	63,955	444,858
Midstream	54,610	136,738
Retail propane and other retail propane related	33,228	77,147
All other	3,003	205
Total	$ 460,892	$ 1,141,615

19. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION:

Following are the stand-alone financial statements of the Parent Company as of June 30, 2009 and December 31, 2008 and for the three and six months ended June 30, 2009 and 2008, which are included to provide additional information with respect to the Parent Company's financial position, results of operations and cash flows on a stand-alone basis:

BALANCE SHEETS
(unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 62	$ 62
Accounts receivable from related companies	458	459
Prepaid expenses and other	1,616	163
Total current assets	2,136	684
ADVANCES TO AND INVESTMENTS IN AFFILIATES	1,712,067	1,662,074
INTANGIBLES AND OTHER LONG-TERM ASSETS, net	7,078	8,581
Total assets	$1,721,281	$1,671,339
LIABILITIES AND PARTNERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 718	$ 798
Accounts payable to affiliates	5,022	3,034
Accrued interest	5,807	9,222
Accrued and other current liabilities	215	912
Price risk management liabilities	59,015	47,453
Total current liabilities	70,777	61,419
LONG-TERM DEBT, less current maturities	1,572,498	1,571,642
LONG-TERM PRICE RISK MANAGEMENT LIABILITIES	80,487	121,710
COMMITMENTS AND CONTINGENCIES		
	1,723,762	1,754,771
PARTNERS' CAPITAL (DEFICIT):		
General Partner	373	155
Limited Partner - Common Unitholders (222,898,248 and 222,829,956 units authorized, issued and outstanding at June 30, 2009 and December 31, 2008, respectively)	54,882	(15,762)
Accumulated other comprehensive loss	(57,736)	(67,825)
Total partners' deficit	(2,481)	(83,432)
Total liabilities and partners' deficit	$1,721,281	$1,671,339

STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	$ (1,135)	$ (833)	$ (2,822)	$ (3,335)
OTHER INCOME (EXPENSE):				
Interest expense	(18,797)	(22,123)	(38,139)	(47,023)
Equity in earnings of affiliates	110,941	116,872	287,534	302,344
Gains (losses) on non-hedged interest rate derivatives	13,069	26,824	9,394	(4,213)
Other, net	(275)	(334)	(628)	(655)
INCOME BEFORE INCOME TAXES	103,803	120,406	255,339	247,118
Income tax (expense) benefit	572	(12)	572	(19)
NET INCOME	104,375	120,394	255,911	247,099
GENERAL PARTNER'S INTEREST IN NET INCOME	322	373	791	765
LIMITED PARTNERS' INTEREST IN NET INCOME	$ 104,053	$ 120,021	$ 255,120	$ 246,334

STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
	2009	2008
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 230,641	$ 232,483
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	34,435	46,339
Principal payments on debt	(33,660)	(47,242)
Distributions to Partners	(231,416)	(221,287)
Net cash used in financing activities	(230,641)	(222,190)
INCREASE IN CASH AND CASH EQUIVALENTS	—	10,293
CASH AND CASH EQUIVALENTS, beginning of period	62	42
CASH AND CASH EQUIVALENTS, end of period	$ 62	$ 10,335

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Tabular dollar amounts, except per unit data, are in thousands)

The following is a discussion of our historical consolidated financial condition and results of operations, and should be read in conjunction with our historical consolidated financial statements and accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for our previous year ended December 31, 2008 filed with the Securities and Exchange Commission ("SEC") on March 2, 2009. Our Management's Discussion and Analysis includes forward-looking statements that are subject to risk and uncertainties. Actual results may differ substantially from the statements we make in this section due to a number of factors that are discussed in "Item 1A. Risk Factors" included in this report and in our Annual Report for the year ended December 31, 2008.

Unless the context requires otherwise, references to "the Partnership", "we," "us," "our," and "ETE" shall mean Energy Transfer Equity, L.P. and its consolidated subsidiaries, which include Energy Transfer Partners, L.P. ("ETP"), Energy Transfer Partners G.P., L.P. ("ETP GP"), the General Partner of ETP, and ETP GP's General Partner, Energy Transfer Partners, L.L.C. ("ETP LLC"). References to "the Parent Company" shall mean Energy Transfer Equity, L.P. on a stand-alone basis.

Overview

Currently, our business operations are conducted only through ETP's Operating Partnerships (collectively referred to as the "Operating Partnerships"), which include ETC OLP, a Texas limited partnership engaged in midstream and intrastate transportation and natural gas storage operations, Energy Transfer Interstate Holdings, LLC ("ET Interstate"), the parent company of Transwestern Pipeline Company, LLC ("Transwestern"), a Delaware limited liability company engaged in interstate transportation of natural gas, and ETC Midcontinent Express Pipeline, LLC ("ETC MEP"), a Delaware limited liability company engaged in interstate transportation of natural gas, and HOLP and Titan, both Delaware limited partnerships engaged in retail propane operations.

Parent Company – Energy Transfer Equity, L.P.

The principal sources of cash flow for the Parent Company are distributions it receives from its direct and indirect investments in limited and general partner interests of ETP. The Parent Company's primary cash requirements are for general and administrative expenses, debt service and distributions to its partners. The Parent Company-only assets and liabilities are not available to satisfy the debts and other obligations of ETP or the Operating Partnerships.

In order to fully understand the financial condition and results of operations of the Parent Company on a stand-alone basis, we have included discussions of Parent Company matters apart from those of our consolidated group.

General

Our primary objective is to increase the level of our cash distributions to our partners over time by pursuing a business strategy that is currently focused on growing our natural gas midstream and intrastate transportation and storage businesses (including transportation, gathering, compression, treating, processing, storage and marketing) and our propane business through, among other things, pursuing certain construction and expansion opportunities relating to our existing infrastructure and acquiring certain additional businesses or assets. The actual amount of cash we will have available for distribution primarily depends on the amount of cash ETP generates from operations.

During the past several years, ETP has been successful in completing several acquisitions and business combinations, including the combination of the retail propane operations of Heritage Propane Partners, L.P. and the midstream and intrastate transportation and storage operations of ETC OLP in January 2004. Subsequent to this combination, we have made numerous significant acquisitions, with assets totaling $3.87 billion in our natural gas operations and $849.1 million in our propane operations.

In addition to ETP's acquisitions, we have grown through internal growth projects, consisting primarily of the construction of natural gas transmission pipelines, both intrastate and interstate. From September 1, 2003 through June 30, 2009, we made growth capital expenditures, excluding capital contributions made in connection with the Midcontinent Express pipeline ("MEP") and Fayetteville Express pipeline ("FEP") joint ventures, of approximately $4.9 billion, of which more than $4.1 billion was related to natural gas transmission pipelines. We expect our fee-based revenue to increase as a result of the completion of recent pipeline expansions to our existing natural gas system in addition to projects expected to be completed in the next twelve to eighteen months. These projects include MEP, the Texas Independence pipeline, FEP and the Tiger pipeline.

ETP's Operations

Our principal operations are conducted in the following reportable segments (see Note 18 to our unaudited condensed consolidated financial statements):

- Intrastate transportation and storage - Revenue is typically generated from fees charged to customers to reserve firm capacity on or move gas through the pipeline on an interruptible basis. A monetary fee and/or fuel retention are also components of the fee structure. Excess fuel retained after consumption is typically valued based on the published market prices as of the first of the month and sold at market prices. The HPL System also generates revenue from the sale of natural gas to electric utilities, independent power plants, local distribution companies, industrial end-users and other marketing companies. The use of the Bammel storage reservoir allows us to purchase physical natural gas and then sell financial contracts at a price sufficient to cover its carrying costs and provide a gross profit margin, in addition to generating revenue from fee-based contracts to reserve firm storage capacity.
- Interstate transportation - The revenues of this segment consist primarily of fees earned from natural gas transportation services and operational gas sales.
- Midstream - Revenue is primarily generated by the volumes of natural gas gathered, compressed, treated, processed, transported, purchased and sold through our pipelines (excluding the transportation pipelines) and gathering systems as well as the level of natural gas and NGL prices.
- Retail propane - Revenue is generated from the sale of propane and propane-related products and services.

Trends and Outlook

In light of the current conditions in the capital markets, and based on our projected growth capital expenditures and capital contributions to joint venture entities, we have taken significant steps to preserve our liquidity position including, but not limited to, reducing discretionary capital expenditures and continuing to appropriately manage operating and administrative costs. During the six months ended June 30, 2009, ETP received approximately $578.3 million in net proceeds from its January 2009 and April 2009 Common Units offerings and $993.6 million in net proceeds from an offering of $1.0 billion of aggregate principal amount of ETP senior notes in April 2009. As of June 30, 2009, in addition to approximately $114.2 million of cash on hand, ETP had available capacity under the ETP Credit Facility of approximately $1.94 billion. The Parent Company also has a $500.0 million revolving credit facility that expires in February 2011 with available capacity of $377.5 million as of June 30, 2009 and currently has no capital requirements. Based on our current estimates, we expect to utilize these resources, along with cash from ETP's operations, to fund ETP's announced growth capital expenditures and working capital needs without us or ETP having the need to access the capital markets until the latter half of 2010; however, we or ETP may issue debt or equity securities prior to that time as we deem prudent to provide liquidity for new capital projects or other partnership purposes.

As noted above and despite the economic challenges and volatile capital markets, ETP has successfully raised approximately $2.2 billion in proceeds from the recent debt and equity offerings since December 1, 2008 which includes approximately $595.7 million in net proceeds from ETP's December 2008 Senior Notes offering. We believe that the size and scope of our operations, our stable asset base and cash flow profile and our investment grade status will be significant positive factors in our efforts to obtain new debt or equity funding; however, there is no assurance that we or ETP will continue to be successful in obtaining financing under any of the alternatives discussed above if capital markets deteriorate further from current conditions. Furthermore, the terms, size and cost of any one of these financing alternatives could be less favorable and could be impacted by the timing and magnitude of our funding requirements, market conditions and other uncertainties.

Our natural gas transportation and midstream revenues are derived significantly from companies that engage in natural gas exploration and production activities. Prices for natural gas and NGLs have fallen dramatically since July 2008. Many of our customers have been negatively impacted by these recent declines in natural gas prices as well as current conditions in the capital markets, which factors have caused several of our customers to decrease drilling levels and, in some cases, to shut in or consider shutting in natural gas production from some producing wells.

In our intrastate and interstate natural gas operations, a significant portion of our revenue is derived from long-term fee-based arrangements pursuant to which our customers pay us capacity reservation charges regardless of the volume of natural gas transported; however, a portion of our revenue is derived from charges based on actual volumes transported in addition to the excess of fuel retention charged to our customers after consumption. As a result, our operating cash flows from our natural gas pipeline operations are not tied directly to natural gas and NGL prices; however, the volumes of natural gas we transport may be adversely affected by reduced drilling activity of our customers, as well as shut in of production from producing wells, as a result of lower natural gas prices. As a portion of our pipeline transportation revenue is based on volumes transported and fuel retention, lower volumes of natural gas transported and lower natural gas prices generally result in lower revenue from our intrastate and interstate natural gas operations. During the first six months of 2009, natural gas spot prices have ranged from $3.09 per MMbtu to $5.25 per MMbtu, and the closing price on the New York Mercantile Exchange on August 7, 2009 for natural gas to be delivered in September 2009 was $3.67 per MMbtu. As a result, drilling activity in our core operating areas has declined and natural gas producers have shut in production from some wells, which in turn has resulted in lower than expected natural gas volumes transported on our intrastate and interstate pipelines. There are no assurances that commodity prices will not decline further, which could result in a further reduction in drilling activities by our customers.

Since certain of our natural gas marketing operations and substantially all of our propane operations involve the purchase and resale of natural gas and NGLs, we expect our revenues and costs of products sold to be lower than prior periods if commodity prices remain at or fall below existing levels. However, we do not expect our margins from these activities to be significantly impacted as we typically purchase the commodity at a lower price than the sales price. Since the prices of natural gas and NGLs have been volatile, there are no assurances that we will ultimately sell the commodity for a profit.

Current economic conditions also indicate that many of our customers may encounter increased credit risk in the near term. We actively monitor the credit status of our counterparties, performing both quantitative and qualitative assessments based on their credit ratings and credit default swaps where applicable, and to date have not had any significant credit losses associated with our transactions. However, given the current volatility in the financial markets, we cannot be certain that we will not experience such losses in the future.

Results of Operations

Parent Company Results

The Parent Company currently has no separate operating activities apart from those conducted by ETP and its Operating Partnerships. The principal sources of cash flow for the Parent Company are its direct and indirect investments in the limited and general partner interests of ETP.

The following table summarizes the key components of the stand-alone results of operations of the Parent Company for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Equity in earnings of affiliates	$ 110,941	$ 116,872	$ (5,931)	$ 287,534	$ 302,344	$ (14,810)
Selling, general and administrative expenses	(1,135)	(833)	(302)	(2,822)	(3,335)	513
Interest expense	(18,797)	(22,123)	3,326	(38,139)	(47,023)	8,884
Gains (losses) on non-hedged interest rate derivatives	13,069	26,824	(13,755)	9,394	(4,213)	13,607
Other, net	(275)	(334)	59	(628)	(655)	27

The following is a discussion of the highlights of the Parent Company's stand-alone results of operations for the periods presented.

Equity in Earnings of Affiliates. Equity in earnings of affiliates represents earnings of the Parent Company related to its investment in limited partner units of ETP, its ownership of ETP GP and its ownership of ETP LLC. The decrease in equity in earnings of affiliates was directly related to the changes in the ETP segment income described below.

Interest Expense. For the three and six month periods, the Parent Company interest expense decreased primarily due to a decrease in the LIBOR rate between the periods.

Gains (losses) on Non-Hedged Interest Rate Derivatives. The Parent Company has interest swaps that are not accounted for as hedges under SFAS 133. Changes in the fair value of these swaps are recorded directly in earnings.

The variable portion of these swaps is based on the three month LIBOR and its corresponding forward curve. Increases or decreases in gains (losses) on non-hedged interest rate derivatives are due to changes in these rates. We recorded unrealized gains on our floating-to-fixed interest rate swaps as a result of increases in the relevant floating index rates during the three and six months ended June 30, 2009. In 2008, a decline in the relevant floating index rates in the three months ended March 31, 2008 was partially offset by an increase in the relevant floating index rates during the three months ended June 30, 2008. This resulted in a net unrealized gain for the three months ended June 30, 2008 and a net unrealized loss for the six months ended June 30, 2008.

Consolidated Results

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Revenues	$1,151,690	$2,653,351	$(1,501,661)	$2,781,664	$5,292,596	$(2,510,932)
Cost of products sold	625,993	2,124,072	(1,498,079)	1,585,132	4,103,790	(2,518,658)
Gross margin	525,697	529,279	(3,582)	1,196,532	1,188,806	7,726
Operating expenses	176,681	197,143	(20,462)	358,454	376,113	(17,659)
Depreciation and amortization	79,229	65,476	13,753	154,888	127,359	27,529
Selling, general and administrative	54,756	44,720	10,036	112,061	95,465	16,596
Operating income	215,031	221,940	(6,909)	571,129	589,869	(18,740)
Interest expense, net of interest capitalized	(119,559)	(90,543)	(29,016)	(220,950)	(170,997)	(49,953)
Equity in earnings (losses) of affiliates	1,673	(169)	1,842	2,170	(95)	2,265
Gains (losses) on disposal of assets	181	515	(334)	(245)	(936)	691
Gains (losses) on non-hedged interest rate derivatives	49,911	27,178	22,733	59,962	(4,458)	64,420
Allowance for equity funds used during construction	(1,839)	15,660	(17,499)	18,588	25,548	(6,960)
Other, net	(377)	1,567	(1,944)	324	9,519	(9,195)
Income tax expense	(3,263)	(9,330)	6,067	(9,470)	(14,474)	5,004
Net income	$ 141,758	$ 166,818	$ (25,060)	$ 421,508	$ 433,976	$ (12,468)

See the detailed discussion of revenues, cost of products sold, margin and operating expense by operating segment below.

Interest Expense. Interest expense increased for the three and six months principally due to higher levels of borrowings which were used to finance growth capital expenditures primarily in our intrastate transportation and storage and interstate transportation segments.

Gains (Losses) on Non-Hedged Interest Rate Derivatives. The Partnership has interest swaps that are not accounted for as hedges under SFAS 133. Changes in the fair value of these swaps are recorded directly in earnings. The variable portion of these swaps is based on the three month LIBOR and its corresponding forward curve. Increases or decreases in gains (losses) on non-hedged interest rate derivatives are due to changes in these rates. We recorded unrealized gains on our floating-to-fixed interest rate swaps as a result of increases in the relevant floating index rates during the three and six months ended June 30, 2009.

Allowance for Equity Funds Used During Construction. The decrease in AFUDC on equity was due to the completion of the Phoenix project in February 2009.

Other Income, Net. The decrease between the six month periods was primarily due to contributions in aid of construction, which exceeded our project costs during the six months ended June 30, 2008.

Income Tax Expense. The decrease in income tax between the periods was primarily due to decreases in taxable income within our subsidiaries that are taxable corporations.

Segment Operating Results

We evaluate segment performance based on operating income, which we believe is an important performance measure of the core profitability of our operations. This measure represents the basis of our internal financial reporting and is one of the performance measures used by senior management in deciding how to allocate capital resources among business segments.

Detailed descriptions of our business and segments are included in our Annual Report on Form 10-K for our previous fiscal year ended December 31, 2008 filed with the SEC on March 2, 2009.

Operating income by segment is as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Intrastate transportation and storage	$ 154,859	$ 134,300	$ 20,559	$ 296,504	$ 320,079	$(23,575)
Interstate transportation	31,950	28,491	3,459	60,145	57,717	2,428
Midstream	27,065	64,284	(37,219)	51,218	115,684	(64,466)
Retail propane and other retail propane related	4,560	(5,523)	10,083	168,629	101,432	67,197
Other	(1,143)	(461)	(682)	(2,035)	(592)	(1,443)
Unallocated selling, general and administrative expenses	(2,260)	849	(3,109)	(3,332)	(4,451)	1,119
Operating income	$ 215,031	$ 221,940	$ (6,909)	$ 571,129	$ 589,869	$(18,740)

Unallocated Selling, General and Administrative Expenses. Selling, general and administrative expenses are allocated monthly to the Operating Partnerships using the Modified Massachusetts Formula Calculation. The expenses subject to allocation are based on estimated amounts and take into consideration actual expenses from previous months and known trends. The difference between the allocation and actual costs is adjusted in the following month, which results in over or under allocation of these costs due to timing differences.

Intrastate Transportation and Storage

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Natural gas MMBtu/d – transported	13,593,471	10,355,466	3,238,005	13,611,768	9,938,323	3,673,445
Natural gas MMBtu/d – sold	812,193	1,582,022	(769,829)	876,506	1,639,467	(762,961)
Revenues	$ 493,934	$ 1,872,245	$(1,378,311)	$ 1,122,585	$3,353,086	$(2,230,501)
Cost of products sold	233,951	1,614,660	(1,380,709)	616,565	2,815,132	(2,198,567)
Gross margin	259,983	257,585	2,398	506,020	537,954	(31,934)
Operating expenses	56,918	82,080	(25,162)	110,408	140,695	(30,287)
Depreciation and amortization	27,929	22,092	5,837	55,032	40,612	14,420
Selling, general and administrative	20,277	19,113	1,164	44,076	36,568	7,508
Segment operating income	$ 154,859	$ 134,300	$ 20,559	$ 296,504	$ 320,079	$ (23,575)

Gross Margin.

Three Months

Intrastate transportation and storage gross margin increased between the three month periods primarily due to the following factors:

- Transportation fees increased approximately $36.4 million primarily due to increased volumes through our transportation pipelines. Overall volumes on our transportation pipelines were higher principally due to increased capacity of our pipeline system as a result of the completion of the Paris Loop, Maypearl to Malone pipeline, Carthage Loop, Southern Shale pipeline, Cleburne to Tolar pipeline and the Katy expansion during 2008 and 2009.
- Our fuel retention revenues are directly impacted by changes in natural gas prices and volumes. Increases in natural gas prices increase our fuel retention revenues and decreases in natural gas prices decrease our fuel retention revenues. Due to the increased transportation volumes discussed above, fuel retention revenues increased approximately $19.3 million compared to the prior period. Natural gas prices for retained fuel decreased from an average of $10.13/MMBtu during the three months ended June 30, 2008 to $3.26/MMBtu during the three months ended June 30, 2009 resulting in a decrease to the retention margin of $76.5 million.
- We experienced a net increase in storage margin of $48.5 million. During the three months ended June 30, 2008, we recognized $10.3 million of losses due to the discontinuation of hedge accounting and $21.3 million of derivative losses related to planned withdrawals from our Bammel storage facility that did not occur. Beginning in April 2009, we elected fair value hedge accounting for certain storage-related transactions. As a result of the election we recognized $12.5 million in unrealized gains during the three months ended June 30,

2009 due to favorable changes in the relationship between the hedged inventory and the related hedged derivative instrument. We also recognized approximately $2.8 million of gains during the current period primarily due to storage-related derivatives not designated as hedges. Fee-based storage revenue also increased our margin by $1.6 million as compared to the prior period.

- In addition to the above factors, we experienced a reduction in margin of $18.9 million as compared to the prior period principally due to lower natural gas prices, less favorable processing conditions and lower demand from industrial end users and local distribution companies. Additionally, we experienced a net decrease in margin of $9.1 million primarily related to less favorable market conditions between the Waha and Katy/Houston Ship Channel market hubs and east Texas markets.

Six Months

Intrastate transportation and storage gross margin decreased between the six month periods primarily due to the following factors:

- Transportation fees increased approximately $93.4 million primarily due to increased volumes through our transportation pipelines. Overall volumes on our transportation pipelines were higher principally due to increased capacity of our pipeline system as a result of the completion of the Paris Loop, Maypearl to Malone pipeline, Carthage Loop, Southern Shale pipeline, Cleburne to Tolar pipeline and the Katy expansion during 2008 and 2009.
- As mentioned above, our fuel retention revenues are directly impacted by changes in natural gas prices and volumes. Due to the increased transportation volumes discussed above, fuel retention revenues increased approximately $39.9 million compared to the prior period. Natural gas prices for retained fuel decreased from an average of $8.93/MMBtu during the six months ended June 30, 2008 to $3.37/MMBtu during the six months ended June 30, 2009 resulting in a decrease to the retention margin of $123.9 million.
- We experienced a net increase in storage margin of $2.6 million. Several factors contributed to the change. During the six months ended June 30, 2008, we recognized $10.3 million of losses due to the discontinuation of hedge accounting and $21.3 million of derivative losses related to planned withdrawals from Bammel storage facility that did not occur. We also recognized $52.8 million of margin related to 36 Bcf of natural gas sold during the six months ended June 30, 2008. During the six months ended June 30, 2009, we withdrew 11.3 Bcf of natural gas from our Bammel storage facility for a margin of $10.5 million, which included a $44.6 million non-cash lower of cost or market write-down of our natural gas inventory. Beginning in April 2009, we elected fair value hedge accounting for certain storage-related transactions. As a result of the election we recognized $12.5 million in unrealized gains during the six months ended June 30, 2009 due to favorable changes in the relationship between the hedged inventory and the related hedged derivative instrument. Fee-based storage revenue also increased our margin by $0.5 million as compared to the prior period.
- In addition to the above factors, we experienced a reduction in margin of $31.8 million as compared to the prior period principally due to lower natural gas prices, less favorable processing conditions and lower demand from industrial end users and local distribution companies. Additionally, we experienced a net decrease in margin of $15.8 million as compared to the prior period primarily related to unfavorable market conditions between the Waha and Katy/Houston Ship Channel market hubs and east Texas markets.

Operating Expenses.

Three Months

Intrastate transportation and storage operating expenses decreased between the three month periods primarily due to a decrease in consumption expense of $30.2 million, which was principally caused by lower natural gas prices between periods, and a decrease in electricity costs of approximately $2.5 million. Offsetting the decrease was an increase in ad valorem taxes of $3.3 million and increased pipeline maintenance expenses of $3.8 million.

Six Months

Intrastate transportation and storage operating expenses decreased between the six month periods primarily due to a decrease in consumption expense of $46.6 million, which was principally caused by lower natural gas prices between periods. Offsetting the decrease were increases in ad valorem taxes of $13.1 million and pipeline maintenance expenses of $4.5 million.

Depreciation and Amortization.

Three Months

Intrastate transportation and storage depreciation and amortization expense increased between the three month periods primarily due to the completion of pipeline expansion projects.

Six Months

Intrastate transportation and storage depreciation and amortization expense increased between the six month periods primarily due to the completion of pipeline expansion projects.

Selling, General and Administrative.

Three Months

Intrastate transportation and storage selling, general and administrative expenses increased between the three month periods primarily due to an increase in professional fees of $1.3 million.

Six Months

Intrastate transportation and storage selling, general and administrative expenses increased between the six month periods primarily due to increased employee-related expenses (including allocated overhead expenses) of approximately $2.2 million and increased professional fees of $5.3 million.

Interstate Transportation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Natural gas MMBtu/d - transported	1,683,298	1,768,406	(85,108)	1,715,252	1,693,882	21,370
Natural gas MMBtu/d - sold	24,294	13,396	10,898	19,695	12,240	7,455
Revenues	$ 70,585	$ 59,224	$ 11,361	$ 131,934	$ 114,640	$17,294
Operating expenses	17,344	14,630	2,714	32,709	25,850	6,859
Depreciation and amortization	12,837	9,266	3,571	23,496	18,566	4,930
Selling, general and administrative	8,454	6,837	1,617	15,584	12,507	3,077
Segment operating income	$ 31,950	$ 28,491	$ 3,459	$ 60,145	$ 57,717	$ 2,428

Revenues.

Three Months

Interstate revenues increased between the three month periods by approximately $15.1 million primarily as a result of the completion of the San Juan Lateral in July 2008 and the completion of the Phoenix project in February 2009, offset by a $3.7 million decrease in operational sales primarily due to decreased natural gas prices between the periods. Transported volumes decreased as compared to the prior period primarily as a result of less favorable spreads between the San Juan and Permian Basins during the three months ended June 30, 2009.

Six Months

Interstate revenues increased between the six month periods by approximately $24.5 million due to increased transported natural gas volumes primarily as a result of the completion of the San Juan Lateral in July 2008 and the completion of the Phoenix project in February 2009, offset by a $7.2 million decrease in operational sales primarily due to decreased natural gas prices between the periods.

Operating Expenses.

Three Months

Interstate operating expenses increased between the three month periods primarily due to an increase in ad valorem taxes of approximately $1.0 million resulting from increased property values, and a net increase in other operating expenses of $1.7 million primarily due to pipeline expansions as noted above.

Six Months

Interstate operating expenses increased between the six month period primarily due to an increase in ad valorem taxes of approximately $3.9 million resulting from increased property values, an increase of $1.5 million due to higher electric usage required by the increased transportation volumes, and a net increase in other expenses of $1.4 million primarily due to pipeline expansions as noted above.

Depreciation and Amortization.

Three months

Interstate depreciation and amortization expense increased between the three month periods primarily due to incremental depreciation associated with the completion of the San Juan Lateral and Phoenix projects.

Six Months

Interstate depreciation and amortization expense increased between the six month periods primarily due to incremental depreciation associated with the completion of the San Juan Lateral and Phoenix projects.

Selling, General and Administrative.

Three Months

Interstate selling, general and administrative expenses increased between the three month periods primarily due to an increase in employee-related costs.

Six Months

Interstate selling, general and administrative expenses increased between the six month periods due to an increase allocated overhead expenses and professional fees of approximately $1.2 million, with the remainder of the increase being primarily attributed to an increase in employee-related costs.

Midstream

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Natural gas MMBtu/d - sold	916,048	1,518,209	(602,161)	1,003,236	1,377,495	(374,259)
NGLs Bbls/d - sold	41,338	28,097	13,241	40,781	29,590	11,191
Revenues	$ 545,768	$ 1,874,420	$(1,328,652)	$1,177,400	$3,120,184	$(1,942,784)
Cost of products sold	470,108	1,768,161	(1,298,053)	1,029,284	2,919,131	(1,889,847)
Gross margin	75,660	106,259	(30,599)	148,116	201,053	(52,937)
Operating expenses	17,011	17,253	(242)	34,804	34,131	673
Depreciation and amortization	18,176	14,474	3,702	35,672	29,306	6,366
Selling, general and administrative	13,408	10,248	3,160	26,422	21,932	4,490
Segment operating income	$ 27,065	$ 64,284	$ (37,219)	$ 51,218	$ 115,684	$ (64,466)

Gross Margin.

Three Months

Midstream gross margin decreased between the three month periods primarily due to a decrease in processing margin of approximately $25.4 million principally due to less favorable processing conditions. However, margins from our fee-based revenue remained consistent with the prior period. The increase in NGL volumes sold was principally due to increased capacity to deliver NGL volumes at our Godley plant starting in January 2009. Additionally, gross margin decreased approximately $5.1 million between the three month periods primarily due to a decrease in the volumes of natural gas sold as a result of less favorable market conditions during the 2009 period.

Six Months

Midstream gross margin decreased between the six month periods primarily due to a decrease in processing margin of $60.0 million offset by an increase in fee-based revenue of $7.1 million. The increase from our fee-based revenue was primarily due to our Canyon pipeline assets and the increase in NGL take-away capacity at our Godley plant allowing us to charge additional processing fees. The decrease in processing margins was primarily due to less favorable processing conditions in the 2009 period. The increase in NGL volumes sold was due to increased capacity to deliver NGL volumes at our Godley plant starting in January 2009 and the decrease in the volumes of natural gas sold was primarily due to less favorable market conditions as compared to the prior period.

Operating Expenses.

Three Months

Midstream operating expenses decreased between the three month periods primarily due to a decrease in compressor and related expenses of $0.5 million offset by a net increase in other operating expenses of $0.3 million.

Six Months

Midstream operating expenses increased between the six month periods primarily due to an increase in ad valorem taxes of $1.9 million and electricity expenses of $1.1 million. These increases were offset by a decrease in compressor related expenses of $1.9 million and a net decrease of approximately $0.4 million in other operating expenses.

Depreciation and Amortization.

Three Months

Midstream depreciation and amortization expense increased between the three month periods primarily due to incremental depreciation from the continued expansion of our Godley plant.

Six Months

Midstream depreciation and amortization expense increased between the six month periods primarily due to incremental depreciation from the continued expansion of our Godley plant.

Selling, General and Administrative.

Three Months

Midstream selling, general and administrative expenses increased between the three month periods primarily due to increased professional fees of $3.3 million offset by a net decrease in other expenses of approximately $0.1 million.

Six Months

Midstream selling, general and administrative expenses increased between the six month periods primarily due to an increase in professional fees of $4.7 million and a net increase of approximately $1.0 million in other expenses. This increase was offset by a net decrease in employee related expenses (including allocated overhead expenses) of approximately $1.2 million.

Retail Propane and Other Retail Propane Related

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Retail propane gallons (in thousands)	92,153	97,309	(5,156)	310,633	331,723	(21,090)
Retail propane revenues	$ 179,770	$ 249,449	$(69,679)	$ 667,677	$ 847,587	$(179,910)
Other retail propane related revenues	22,502	24,211	(1,709)	50,507	51,788	(1,281)
Retail propane cost of products sold	78,070	163,962	(85,892)	298,292	556,517	(258,225)
Other retail propane related cost of products sold	4,816	4,320	496	9,699	9,496	203
Gross margin	119,386	105,378	14,008	410,193	333,362	76,831
Operating expenses	84,294	82,043	2,251	178,470	173,350	5,120
Depreciation and amortization	20,174	19,487	687	40,446	38,573	1,873
Selling, general and administrative	10,358	9,371	987	22,648	20,007	2,641
Segment operating income	$ 4,560	$ (5,523)	$ 10,083	$ 168,629	$ 101,432	$ 67,197

Volumes.

Retail propane volumes decreased primarily due to the continued effects of customer conservation, by the impact of the economic recession and, to a lesser extent, the decline in new home construction. Volumes also decreased due to weather that was approximately 2% and 7% warmer during the three and six months ended June 30, 2009 as compared to the same periods in 2008. These decreases were partially offset by the volume increases from acquisitions made since June 30, 2008.

Gross Margin.

Three Months

Total gross margin increased between the three month periods primarily due to our ability to maintain a slower pace of decreasing selling prices despite a significant decrease in the wholesale market price of propane. Our average cost per gallon of propane was approximately 50.4% lower during the three months ended June 30, 2009 as compared to the three months ended June 30, 2008. Gross margins were also favorably impacted by a net change of $6.7 million in realized gains related to the settlement of mark-to-market contracts during the three months ended June 30, 2009. These net realized gains were partially offset by a net change of $1.8 million in unrealized losses from mark-to-market accounting for our financial instruments. The three months ended June 30, 2009 excludes $1.3 million of net unrealized gains recorded in Accumulated Other Comprehensive Income ("AOCI") as a result of designation of cash flow hedging relationships in April 2009, which will be recognized in the condensed consolidated statements of operations when the forward or forecasted propane sales transaction occurs.

Six Months

Total gross margin increased between the six month periods primarily due to our ability to maintain a slower pace of decreasing selling prices despite a significant decrease in the wholesale market price of propane and the impact of mark-to-market accounting of our financial instruments. Our average cost per gallon of propane was approximately 43.4% lower during the six months ended June 30, 2009. To hedge a significant portion of our propane sales commitments, we utilize financial instruments as purchase commitments to lock in the margins. Prior to April 2009, these financial instruments were not designated as hedges for accounting purposes, and changes in market value were recorded in cost of products sold in the condensed consolidated statements of operations. During the six months ended June 30, 2009, our propane margins were positively impacted by sales made to retail customers with whom we had previously entered into sales commitments, while the settlement of financial instruments related to those sales resulted in the realization of $41.6 million of losses that had previously been recognized in 2008. The six months ended June 30, 2009 excludes $1.3 million of net unrealized gains recorded in AOCI as a result of designation of cash flow hedging relationships in April 2009, which will be recognized in the condensed consolidated statements of operations when the forward or forecasted propane sales transaction occurs.

Operating Expenses.

Three Months

The primary factors that affected our operating expenses for the three months ended June 30, 2009 were an increase in our operational employee incentive program of $2.1 million, an increase in employee wages and benefits of $2.0 million due to more favorable results achieved during the three months ended June 30, 2009 as compared to the prior period and an increase related to additional employees from acquisitions completed after June 30, 2008. Propane operating expenses also increased slightly due to the additional operating expenses from acquisitions made since June 30, 2008; however, these increases were offset by cost control initiatives from our operations and by a decrease of $3.4 million in the vehicle fuel used for delivery to customers due to the significant decline in fuel prices between the periods.

Six Months

The primary factors that affected our operating expenses for the six months ended June 30, 2009 were an increase in our operational employee incentive program of $8.2 million, an increase in employee wages and benefits of $4.2 million due to more favorable results achieved during the six months ended June 30, 2009 as compared to the prior period and an increase related to additional employees from acquisitions completed after June 30, 2008. Propane operating expenses also increased slightly due to the additional operating expenses from acquisitions made since June 30, 2008; however, these increases were largely offset by cost control initiatives from our operations and by a decrease of $6.3 million in the vehicle fuel used for delivery to customers due to the significant decline in fuel prices between the periods.

Depreciation and Amortization Expense.

The increase in depreciation and amortization expense for both the three and six month periods was primarily related to assets added through acquisitions made after June 30, 2008.

Selling, General and Administrative Expenses.

The increase in selling, general and administrative expenses between comparable periods was primarily due to increased administrative expense allocations of $1.3 million and $3.5 million for the three and six month periods, respectively, offset by the reduction in other non-recurring expenses incurred during the prior periods.

LIQUIDITY AND CAPITAL RESOURCES

Parent Company Only

The Parent Company currently has no separate operating activities apart from those conducted by ETP and its Operating Partnerships. The principal sources of cash flow for the Parent Company are its direct and indirect investments in the limited and general partner interests of ETP. The amount of cash that ETP can distribute to its partners, including the Parent Company, each quarter is based on earnings from ETP's business activities and the amount of available cash, as discussed below. The Parent Company also has a $500.0 million revolving credit facility that expires in February 2011 with available capacity of $377.5 million as of June 30, 2009 and currently has no capital requirements.

The Parent Company's primary cash requirements are for general and administrative expenses, debt service requirements and distributions to its general and limited partners. The Parent Company currently expects to fund its short-term needs for such items with its distributions from ETP.

ETP

ETP's ability to satisfy its obligations and pay distributions to its Unitholders will depend on its future performance, which will be subject to prevailing economic, financial, business and weather conditions, and other factors, many of which are beyond management's control.

ETP currently believes that its business has the following future capital requirements:

- growth capital expenditures for our midstream and intrastate transportation and storage segments primarily for the construction of new pipelines and compression, for which we expect to spend between $100.0 million and $120.0 million during the last six months of 2009;
- growth capital expenditures for our interstate transportation segment, excluding capital contributions to the MEP and FEP projects as discussed below, for the construction of new pipelines and pipeline expansions for our interstate operations, for which we expect to spend between $140.0 million and $160.0 million during the last six months of 2009;
- capital contributions to MEP and FEP as follows:
  - With respect to MEP, capital expenditures were previously funded under a $1.4 billion credit facility at MEP (reduced to $1.3 billion due to the bankruptcy of Lehman Brothers); however, as this facility became substantially drawn during the first quarter of 2009, we and KMP have made and will continue to make capital contributions to MEP to fund capital expenditures until the project is completed. We expect that our capital contributions to MEP during the last six months of 2009 will be between $320.0 million and $340.0 million, which includes amounts to fund remaining expenditures for the project and an additional capital contribution to reduce the indebtedness of MEP to a level expected to be needed to obtain long-term financing for MEP, on a stand-alone basis without guarantees from ETP or KMP, on acceptable terms.
  - With respect to FEP, we expect that our capital contributions will be between $160.0 million and $180.0 million during the last six months of 2009 to fund expenditures for the project. FEP intends to pursue financing (expected to be severally guaranteed by ETP and KMP), which, if arranged during the last six months of 2009, would reduce the level of expected capital contributions this year as capital expenditures for the project would be funded at the project level; however, the availability of such financing at agreeable terms remains uncertain;
- growth capital expenditures for our retail propane segment of between $10.0 million and $20.0 million during the last six months of 2009;
- maintenance capital expenditures of between $50.0 million and $60.0 million during the last six months of 2009; and

- acquisitions, including the potential acquisition of new pipeline systems and propane operations.

We generally fund our capital requirements with cash flows from operating activities and, to the extent that they exceed cash flows from operating activities, with proceeds of borrowings under existing credit facilities, long-term debt, the issuance of additional Common Units or a combination thereof.

In light of the current conditions in the capital markets, and based on our projected growth capital expenditures and capital contributions to joint venture entities, we and ETP have taken significant steps to preserve our liquidity position including, but not limited to, reducing discretionary capital expenditures and continuing to appropriately manage operating and administrative costs. During the six months ended June 30, 2009, ETP received approximately $578.3 million in net proceeds from its January 2009 and April 2009 Common Units offerings and $993.6 million in net proceeds from an offering of $1.0 billion of aggregate principal amount of ETP senior notes in April 2009. As of June 30, 2009, in addition to approximately $114.2 million of cash on hand, ETP had available capacity under the ETP Credit Facility of approximately $1.94 billion. Based on our current estimates, we expect to utilize these resources, along with cash from ETP's operations, to fund ETP's announced growth capital expenditures and working capital needs without us or ETP having the need to access the capital markets until the latter half of 2010; however, we or ETP may issue debt or equity securities prior to that time as we deem prudent to provide liquidity for new capital projects or other partnership purposes.

The assets used in ETP's natural gas operations, including pipelines, gathering systems and related facilities, are generally long-lived assets and do not require significant maintenance capital expenditures other than those expenditures necessary to maintain the service capacity of ETP's existing assets. The assets utilized in ETP's propane operations do not typically require lengthy manufacturing process time or complicated, high technology components. Accordingly, ETP does not have any significant financial commitments for maintenance capital expenditures in its businesses. From time to time ETP experiences increases in pipe costs due to a number of reasons, including but not limited to, replacing pipe caused by delays from mills, limited selection of mills capable of producing large diameter pipe timely, higher steel prices and other factors beyond our control. However, ETP includes these factors into its anticipated growth capital expenditures for each year.

Cash Flows

Our internally generated cash flows may change in the future due to a number of factors, some of which we cannot control. These include regulatory changes, the price for our products and services, the demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks, the successful integration of our acquisitions and other factors.

Operating Activities – Six months ended June 30, 2009 as compared to the six months ended June 30, 2008. Cash provided by operating activities during 2009 was $653.5 million as compared to $709.2 million for 2008. Net income was $421.5 million and $434.0 million for 2009 and 2008, respectively. The difference between net income and the net cash provided by operating activities consisted of changes in operating assets and liabilities of $62.3 million and $150.2 million, partially offset by non-cash activity of $169.7 million and $125.0 million for 2009 and 2008, respectively.

The non-cash activity in 2009 and 2008 consisted primarily of depreciation and amortization of $154.9 million and $127.4 million, amortization of finance costs charged to interest of $8.3 million and $4.1 million and non-cash compensation expense of $15.4 million and $12.6 million for 2009 and 2008, respectively. In addition, the allowance for equity funds used during construction was $18.6 million and $25.5 million for 2009 and 2008, respectively.

Various factors affect the changes in operating assets and liabilities such as the timing of accounts receivable collections, payments on accounts payable, the timing of the purchase and sale of propane and natural gas inventories, and the timing of advances and deposits received from customers.

Investing Activities – Six months ended June 30, 2009 as compared to the six months ended June 30, 2008. Cash used in investing activities during 2009 was $875.5 million as compared to $912.4 million for 2008. Total 2009 capital expenditures (excluding the allowance for equity funds used during construction) were $512.5 million, including changes in accruals of $66.0 million. This compares to total 2008 capital expenditures (excluding the allowance for equity funds used during construction) of $978.7 million, including changes in accruals of $151.7 million. In addition, in 2009 we made advances to our joint ventures of $364.0 million. In 2008, we paid $56.8 million in cash for acquisitions. These amounts were offset by a $63.5 million net reimbursement during the first quarter of 2008 from MEP to ETP for previous advances to MEP.

Growth capital expenditures for 2009, before changes in accruals, were $330.7 million for our midstream and intrastate transportation and storage segments, $46.8 million for our interstate transportation segment, and $24.7 million for our retail propane segment and all other. We also incurred $44.3 million of maintenance capital expenditures, of which $27.8 million related to our midstream and intrastate transportation and storage segments, $5.8 million related to our interstate segment and $10.7 million related to our retail propane segment.

Growth capital expenditures for 2008, before changes in accruals, were $632.6 million for our midstream and intrastate transportation and storage segments, $422.9 million for our interstate transportation segment, and $24.2 million for our retail propane segment and all other. We also incurred $50.6 million in maintenance expenditures, of which $29.1 million related to our midstream and intrastate transportation and storage segments, $6.6 million related to our interstate transportation segment and $14.9 million related to our retail propane segment.

Financing Activities – Six months ended June 30, 2009 as compared to the six months ended June 30, 2008. Cash provided by financing activities during 2009 was $244.4 million as compared to $215.6 million for 2008. In 2009, we received $578.9 million in net proceeds from Common Unit offerings of ETP as compared to $35.0 million in 2008 (see Note 13 to our condensed consolidated financial statements). Net proceeds from ETP's offerings were used to repay outstanding borrowings under the ETP Credit Facility, to fund capital expenditures and to fund capital contributions to joint ventures related to pipeline construction projects. During 2009, we had a net increase in our debt level of $87.2 million as compared to a net increase in our debt level of $583.0 million for 2008. In addition, we paid distributions of $231.4 million to our partners in 2009 as compared to $221.3 million in 2008 and paid distributions to noncontrolling interests of $182.6 million in 2009 as compared to $160.1 million in 2008.

In 2009, the net increase in debt was primarily due to borrowings to fund capital expenditures and to fund capital contributions to joint ventures, partially offset by the use of proceeds from our Common Unit offerings. We also issued ETP Senior Notes (see Note 12 to our condensed consolidated financial statements) for net proceeds of $993.6 million which were used to repay outstanding borrowings under the ETP Credit Facility and for general partnership purposes.

In 2008, we received $1.48 billion in net proceeds from the issuance of ETP Senior Notes, which were used to repay principal and interest on our credit facilities, to fund our growth capital expenditures and for general partnership purposes.

Financing and Sources of Liquidity

In January 2009, ETP issued 6,900,000 Common Units representing limited partner interests at $34.05 per ETP Common Unit in a public offering. Net proceeds of approximately $225.9 million from the offering were used to repay outstanding borrowings under the ETP Credit Facility.

In April 2009, ETP completed the issuance of $350.0 million aggregate principal amount of 8.50% ETP Senior Notes due 2014 and $650.0 million aggregate principal amount of 9.00% ETP Senior Notes due 2019. The proceeds of approximately $993.6 million were used to repay borrowings under the ETP Credit Facility and for general partnership purposes.

In April 2009, ETP also issued 9,775,000 Common Units representing limited partner interests at $37.55 per ETP Common Unit in a public offering. The proceeds of approximately $352.4 million, net of underwriting discounts and commissions, were used to fund capital expenditures and capital contributions to joint venture entities related to pipeline construction projects as well as for general partnership purposes.

Description of Indebtedness

Our outstanding indebtedness was as follows:

	June 30, 2009	December 31, 2008
Parent Company Indebtedess		
Senior Secured Term Loan Facility	$1,450,000	$1,450,000
Senior Secured Revolving Credit Facility	122,498	121,642
ETP Indebtedness		
ETP Senior Notes	5,050,000	4,050,000
Transwestern Senior Unsecured Notes	520,000	520,000
HOLP Senior Secured Notes	168,684	181,410
Revolving Credit Facilities	—	912,000
Other long-term debt	11,724	14,014
Unamortized discounts	(13,176)	(13,477)
Total Debt	$7,309,730	$7,235,589

The terms of our indebtedness and that of our Operating Partnerships are described in more detail in our Annual Report on Form 10-K as of December 31, 2008, filed with the SEC on March 2, 2009.

Revolving Credit and Short-Term Debt Facilities

The Parent Company has a $1.45 billion Term Loan Facility with a Term Loan Maturity Date of November 1, 2012 (the “Parent Company Credit Agreement”). The Parent Company Credit Agreement also includes a $500.0 million Secured Revolving Credit Facility (the “Parent Company Revolving Credit Facility”) available through February 8, 2011. The Parent Company Revolving Credit Facility includes a Swingline loan option with a maximum borrowing of $10.0 million and a daily rate based on LIBOR.

The total outstanding amount borrowed under the Parent Company Credit Agreement and the Parent Company Revolving Credit Facility as of June 30, 2009 includes $1.0 million in swingline loans. The total amount available under the Parent Company’s debt facilities as of June 30, 2009 was approximately $377.5 million. The Parent Company Revolving Credit Facility also contains an accordion feature which will allow the Parent Company, subject to lender approval, to expand the facility’s capacity up to an additional $100.0 million.

The maximum commitment fee payable on the unused portion of the Parent Company Revolving Credit Facility is based on the applicable Leverage Ratio which is currently at Level I or 0.300%. Loans under the Parent Company Revolving Credit Facility bear interest at Parent Company’s option at either (a) the Eurodollar rate plus the applicable margin or (b) base rate plus the applicable margin. The applicable margins are a function of the Parent Company’s leverage ratio that corresponds to levels set-forth in the agreement. The applicable Term Loan bears interest at (a) the Eurodollar rate plus 1.75% per annum and (b) with respect to any Base Rate Loan, at Prime Rate plus 0.25% per annum. At June 30, 2009, the weighted average interest rate was 2.67% for the amounts outstanding on the Parent Company Senior Secured Revolving Credit Facility and the Parent Company $1.45 billion Senior Secured Term Loan Facility.

The Parent Company Credit Agreement is secured by a lien on all tangible and intangible assets of the Parent Company and its subsidiaries, including its ownership of 62,500,797 ETP Common Units, the Parent Company’s 100% interest in ETP LLC and ETP GP with indirect recourse to ETP GP’s 2% General Partner interest in ETP and 100% of ETP GP’s outstanding Incentive Distribution Rights (“IDRs”) in ETP, which the Parent Company holds through its ownership of ETP GP.

ETP Credit Facility

The ETP Credit Facility provides for $2.0 billion of revolving credit capacity that is expandable to $3.0 billion (subject to obtaining the approval of the administrative agent and securing lender commitments for the increased borrowing capacity). The ETP Credit Facility matures on July 20, 2012, unless we elect the option of one-year extensions (subject to the approval of each such extension by the lenders holding a majority of the aggregate lending commitments). Amounts borrowed under the ETP Credit Facility bear interest at a rate based on either a Eurodollar rate or a prime rate. The indebtedness under the ETP Credit Facility is prepayable at any time at the Partnership’s option without penalty. The commitment fee payable on the unused portion of the ETP Credit Facility varies based on our credit rating; the fee is 0.11% based on our current rating with a maximum fee of 0.125%.

As of June 30, 2009, there was no balance outstanding on the ETP Credit Facility and taking into account letters of credit of approximately $59.8 million, $1.94 billion was available for future borrowings.

HOLP Credit Facility

HOLP has a $75.0 million Senior Revolving Facility (the "HOLP Credit Facility") available to HOLP through June 30, 2011, which may be expanded to $150.0 million. Amounts borrowed under the HOLP Credit Facility bear interest at a rate based on either a Eurodollar rate or a prime rate. The commitment fee payable on the unused portion of the facility varies based on the Leverage Ratio, as defined, in the credit agreement for the HOLP Credit Facility, with a maximum fee of 0.50%. The agreement includes provisions that may require contingent prepayments in the event of dispositions, loss of assets, merger or change of control. All receivables, contracts, equipment, inventory, general intangibles, cash concentration accounts of HOLP and the capital stock of HOLP's subsidiaries secure the HOLP Credit Facility. There were outstanding letters of credit of $1.0 million on the HOLP Credit Facility at June 30, 2009. The amount available as of June 30, 2009 was $74.0 million.

Other

We have guaranteed 50% of the obligations of MEP under its $1.4 billion senior revolving credit facility (the "MEP Facility"), with the remaining 50% of the MEP Facility obligations guaranteed by KMP. Subject to certain exceptions, our guarantee may be proportionately increased or decreased if our ownership percentage of MEP increases or decreases. The MEP Facility is unsecured and matures on February 28, 2011. The MEP Facility is syndicated among multiple financial institutions. As a result of the Lehman Brothers bankruptcy in 2008, the MEP Facility has effectively been reduced by the Lehman Brothers affiliate's commitment of approximately $100.0 million. However, the MEP Facility is not in default, and the commitments of the other lending banks remain unchanged.

As of June 30, 2009, MEP had $1.19 billion of outstanding borrowings and $33.3 million of letters of credit issued under the MEP Facility. Our contingent obligations with respect to our 50% guarantee of MEP's outstanding borrowings and letters of credit were $595.4 million and $16.6 million, respectively, as of June 30, 2009.

Cash Distributions

Cash Distributions Paid by the Parent Company

On February 19, 2009, the Parent Company paid a cash distribution for the three months ended December 31, 2008 of $0.51 per Common Unit, or $2.04 annualized, an increase of $0.12 per Common Unit on an annualized basis to Unitholders of record at the close of business on February 6, 2009.

On May 19, 2009, the Parent Company paid a cash distribution for the three months ended March 31, 2009 of $0.525 per Common Unit, or $2.10 annualized, an increase of $0.06 per Common Unit on an annualized basis to Unitholders of record at the close of business on May 8, 2009.

On July 28, 2009, the Parent Company declared a cash distribution for the three months ended June 30, 2009 of $0.535 per Common Unit, or $2.14 annualized, an increase of $0.04 per Common Unit on an annualized basis. This distribution will be paid on August 19, 2009 to Unitholders of record at the close of business on August 7, 2009.

Cash Distributions Received by the Parent Company

Currently, the Parent Company's only cash-generating assets are its direct and indirect partnership interests in ETP. These ETP interests consist of all of ETP's 2% general partner interest, 100% of ETP's IDRs and 62,500,797 ETP Common Units held by the Parent Company.

The total amount of distributions the Parent Company received from ETP related to its limited partner interests, general partner interest and IDRs during the six months ended June 30, 2009 was $111.7 million, $9.4 million and $163.4 million, respectively.

Cash Distributions Paid by ETP

On February 13, 2009, ETP paid a per unit cash distribution related to the three months ended December 31, 2008 of $0.89375 per Common Unit ($3.575 per Limited Partner Unit annualized) to Unitholders of record at the close of business on February 6, 2009.

On May 15, 2009, ETP paid a per unit cash distribution related to the three months ended March 31, 2009 of $0.89375 per Common Unit ($3.575 per Limited Partner Unit annualized) to Unitholders of record at the close of business on May 8, 2009

On July 28, 2009, ETP declared a cash distribution for the three months ended June 30, 2009 of $0.89375 per Common Unit, or $3.575 annualized. This distribution will be paid on August 14, 2009 to Unitholders of record at the close of business on August 7, 2009.

New Accounting Standards

See Note 2 to our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained in Item 3 updates, and should be read in conjunction with, information set forth in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2008, in addition to the interim unaudited condensed consolidated financial statements, accompanying notes and management's discussion and analysis of financial condition and results of operations presented in Items 1 and 2 of this Quarterly Report on Form 10-Q. Our quantitative and qualitative disclosures about market risk are consistent with those discussed in our Annual Report on Form 10-K. Since December 31, 2008, there have been no material changes to our primary market risk exposures or how those exposures are managed.

Commodity Price Risk

Our commodity-related price risk management assets and liabilities as of June 30, 2009 were as follows:

	Commodity	Notional Volume	Maturity	Fair Value Asset (Liability)
Mark to Market Derivatives				
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	50,700,000	2009-2011	$ 3,001
Swing Swaps IFERC (MMBtu)	Gas	(44,095,000)	2009-2010	4,562
Fixed Swaps/Futures (MMBtu)	Gas	4,567,500	2009-2011	3,592
Forwards/Swaps (Gallons)	Propane/Ethane	15,078,000	2009-2010	933
Fair Value Hedging Derivatives				
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	(31,117,500)	2009-2010	$ (1,975)
Fixed Swaps/Futures (MMBtu)	Gas	(31,990,000)	2009-2010	(589)
Cash Flow Hedging Derivatives				
Basis Swaps IFERC/NYMEX (MMBtu)	Gas	460,000	2009	$ 7
Fixed Swaps/Futures (MMBtu)	Gas	460,000	2009	(1,549)
Forward/Swaps (Gallons)	Propane/Ethane	18,858,000	2009-2010	1,315

Credit Risk

We maintain credit policies with regard to our counterparties that we believe significantly minimize overall credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit ratings), collateral requirements under certain circumstances and the use of standardized agreements which allow for netting of positive and negative exposure associated with a single counterparty.

Our counterparties consist primarily of financial institutions, major energy companies and local distribution companies. This concentration of counterparties may impact our overall exposure to credit risk, either positively or negatively in that the counterparties may be similarly affected by changes in economic, regulatory or other conditions. For financial instruments, failure of a counterparty to perform on a contract could result in our inability to realize amounts that have

been recorded on our condensed consolidated balance sheets and recognized in net income or other comprehensive income. For additional discussion of our credit risks, see the risk factors described in Part I, Item 1A in our Annual Report on Form 10-K for our previous fiscal year ended December 31, 2008.

Sensitivity Analysis

The table below summarizes our commodity-related financial derivative instruments and fair values as of June 30, 2009, as well as the effect of an assumed hypothetical 10% change in the underlying price of the commodity.

	Notional Volume	Fair Value Asset (Liability)	Effect of Hypothetical 10% Change
Mark to Market Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	50,700,000	$ 3,001	$ 1,426
Swing Swaps IFERC (MMBtu)	(44,095,000)	4,562	656
Fixed Swaps/Futures (MMBtu)	4,567,500	3,592	1,917
Propane Forwards/Swaps (Gallons)	15,078,000	933	1,293
Fair Value Hedging Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	(31,117,500)	$ (1,975)	$ 693
Fixed Swaps/Futures (MMBtu)	(31,990,000)	(589)	14,998
Cash Flow Hedging Derivatives			
Basis Swaps IFERC/NYMEX (MMBtu)	460,000	$ 7	$ 202
Fixed Swaps/Futures (MMBtu)	460,000	(1,549)	10
Forwards/Swaps, Forecasted purchase of propane (Gallons)	18,858,000	1,315	1,632

The fair values of the commodity-related financial positions have been determined using independent third party prices, readily available market information, broker quotes and appropriate valuation techniques. Non-trading positions offset physical exposures to the cash market; none of these offsetting physical exposures are included in the above tables. Price-risk sensitivities were calculated by assuming a theoretical 10% change (increase or decrease) in price regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. Results are presented in absolute terms and represent a potential gain or loss in our condensed consolidated results of operations or in accumulated other comprehensive income. In the event of an actual 10% change in prompt month natural gas prices, the fair value of our total derivative portfolio may not change by 10% due to factors such as when the financial instrument settles and the location to which the financial instrument is tied (i.e., basis swaps) and the relationship between prompt month and forward months.

Interest Rate Risk

We are exposed to market risk for increases in interest rates, primarily as a result of our revolving credit facilities, which have variable interest rates, and our interest rate swaps. To the extent interest rates increase, our interest expense under these revolving credit facilities will increase. At June 30, 2009, we had $1.57 billion of variable rate debt outstanding and we have $2.00 billion of interest rate swaps where we pay fixed and receive floating LIBOR. Interest swaps with a notional amount of $700.0 million are designated as hedges and changes in fair value are recorded in accumulated other comprehensive income. Interest swaps with a notional amount of $1.30 billion have their changes in fair value recorded in gains (losses) on non-hedged interest rate derivatives on the condensed consolidated statements of operations. A hypothetical change of 100 basis points in the underlying interest rate and a corresponding parallel shift in the LIBOR yield curve would have a net effect of approximately $62.0 million in interest expense and gains (losses) on non-hedged interest rate derivatives, in the aggregate, on an annual basis.

We also have long-term debt instruments which are typically issued at fixed interest rates. Prior to or when these debt obligations mature, we may refinance all or a portion of such debt at then-existing market interest rates which may be more or less than the interest rates on the maturing debt. For further information, see Note 16 to our condensed consolidated financial statements.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Under the supervision and with the participation of senior management, including the President ("Principal Executive Officer") and the Chief Financial Officer ("Principal Financial Officer") of our General Partner, we evaluated our disclosure controls and procedures, as such term is defined under Rule 13a–15(e) promulgated under the Exchange Act. Based on this evaluation, the Principal Executive Officer and the Principal Financial Officer of our General Partner concluded that our disclosure controls and procedures were effective as of June 30, 2009 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to management, including the Principal Executive and Principal Financial Officers of our General Partner, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13(a)-15(f) or Rule 15d-15(f) of the Exchange Act) during the three months ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see our Form 10-K for our previous year ended December 31, 2008 and Note 15 - Regulatory Matters, Commitments, Contingencies, and Environmental Liabilities of the Notes to Condensed Consolidated Financial Statements of Energy Transfer Equity, L.P. and Subsidiaries included in this Form 10-Q for the six months ended June 30, 2009.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors described in Part I, Item 1A in our Annual Report on Form 10-K for our previous fiscal year ended December 31, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

The exhibits listed on the following Exhibit Index are filed as part of this Report. Exhibits required by Item 601 of Regulation S-K, but which are not listed below, are not applicable.

	Previously Filed *		
Exhibit Number	With File Number (Form) (Period Ending or Date)	As Exhibit	
3.1	333-128097	3.1	Certificate of Conversion of Energy Transfer Company, L.P.
3.2	333-128097	3.2	Certificate of Limited Partnership of Energy Transfer Equity, L.P.
3.3	333-128097	3.3	Third Amended Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P.
3.3.1	1-32740 (10-K) (8/31/06)	3.3.1	Amendment No. 1 to Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P.

Exhibit Number	Previously Filed * With File Number (Form) (Period Ending or Date)	As Exhibit	
3.3.2	1-32740 (8-K) (11/13/07)	3.3.2	Amendment No. 2 to Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P.
3.4	333-128097	3.4	Certificate of Conversion of LE GP, LLC.
3.5	333-128097	3.5	Certificate of Formation of LE GP, LLC.
3.6	1-32740 (8-K) (5/8/07)	3.6.1	Amended and Restated Limited Liability Company Agreement of LE GP, LLC.
3.7	1-11727 (8-K) (7/29/09)	3.1	Second Amended and Restated Agreement of Limited Partnership of Energy Transfer Partners, L.P. (formerly named Heritage Propane Partners, L.P.)
3.8	333-04018	3.2	Agreement of Limited Partnership of Heritage Operating, L.P.
3.8.1	1-11727 (10-K) (8/31/00)	3.2.1	Amendment No. 1 to Amended and Restated Agreement of Limited Partnership of Heritage Operating, L.P.
3.8.2	1-11727 (10-Q) (5/31/02)	3.2.2	Amendment No. 2 to Amended and Restated Agreement of Limited Partnership of Heritage Operating, L.P.
3.8.3	1-11727 (10-Q) (2/29/04)	3.2.3	Amendment No. 3 to Amended and Restated Agreement of Limited Partnership of Heritage Operating, L.P.
3.9	1-11727 (10-Q) (2/29/04)	3.3	Amended Certificate of Limited Partnership of Energy Transfer Partners, L.P.
3.10	1-11727 (10-Q) (2/28/02)	3.4	Amended Certificate of Limited Partnership of Heritage Operating, L.P.
3.11	1-11727 (10-Q) (5/31/07)	3.5	Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Partners GP, L.P.
3.12	1-11727 (10-Q) (5/31/07)	3.6	Third Amended and Restated Limited Liability Agreement of Energy Transfer Partners, L.L.C.
3.13	333-128097	3.13	Certificate of Formation of Energy Transfer Partners, L.L.C.
3.13.1	333-128097	3.13.1	Certificate of Amendment of Energy Transfer Partners, L.L.C.
3.14	333-128097	3.14	Restated Certificate of Limited Partnership of Energy Transfer Partners GP, L.P.
4.1	1-11727 (8-K) (4/9/09)	4.2	Eighth Supplemental Indenture dated April 7, 2009, by and between Energy Transfer Partners, L.P., as issuer, and U.S. Bank National Association (as successor to Wachovia Bank, National Association), as trustee.
10.1			Note Purchase Agreement, dated as of November 17, 2004, by and among Transwestern Pipeline Company, LLC and the Purchasers parties thereto.
10.2			Purchase and Sale Agreement dated January 26, 2005, among HPL Storage, LP and AEP Energy Services Gas Holding Company II, L.L.C., as Sellers, and LaGrange Acquisition, L.P., as Buyer.
10.3			Redemption Agreement, dated September 14, 2006, between Energy Transfer Partners, L.P. and CCE Holdings, LLC.
10.4			Letter Agreement, dated September 14, 2006, between Energy Transfer Partners, L.P. and Southern Union Company.

Exhibit Number	Previously Filed * With File Number (Form) (Period Ending or Date)	As Exhibit	
10.5			Note Purchase Agreement, dated as of May 24, 2007, by and among Transwestern Pipeline Company, LLC and the Purchasers parties thereto.
10.6			First Supplemental Note Purchase Agreement dated as of May 24, 2001 to the August 10, 2000 Note Purchase Agreement.
21.1	1-32740 (10-Q)(2/28/07)	21.1	List of Subsidiaries.
31.1			Certification of President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1			Certification of President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated herein by reference.

** Denotes a management contract or compensatory plan or arrangement.

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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 thereunto duly authorized.

ENERGY TRANSFER EQUITY, L.P.

By: LE GP, L.L.C., its General Partner

Date: August 10, 2009

By: /s/ John W. McReynolds
John W. McReynolds
President and Chief Financial Officer (duly authorized to sign on behalf of the registrant)

Exhibit 10.1

EXECUTION COPY

TRANSWESTERN PIPELINE COMPANY, LLC

$270,000,000

5.39% Senior Unsecured Notes due November 17, 2014

and

$250,000,000

5.54% Senior Unsecured Notes due November 17, 2016

NOTE PURCHASE AGREEMENT

DATED NOVEMBER 17, 2004

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TRANSWESTERN PIPELINE COMPANY, LLC
1331 Lamar, Suite 650
Houston, Texas 77010
5.39% Senior Unsecured Notes due November 17, 2014
5.54% Senior Unsecured Notes due November 17, 2016

November 17, 2004

TO EACH OF THE PURCHASERS LISTED IN SCHEDULE A HERETO:

Ladies and Gentlemen:

TRANSWESTERN PIPELINE COMPANY, LLC, a Delaware limited liability company (the "Company"), agrees with each of the purchasers whose names appear at the end hereof (each, a "Purchaser" and, collectively, the "Purchasers") as follows:

Section 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of: (i) $270,000,000 aggregate principal amount of its 5.39% Senior Unsecured Notes due November 17, 2014 (the "Series A Notes"), and (ii) $250,000,000 aggregate principal amount of its 5.54% Senior Unsecured Notes due November 17, 2016 (the "Series B Notes" and together with the Series A Notes, the "Notes"). The term "Notes" shall also include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement. In addition, the Notes shall be substantially in the forms set forth in Exhibit 1(a) and Exhibit 1(b), respectively.

Certain capitalized terms used in this Agreement are defined in Schedule B; reference to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 2. SALE AND PURCHASE.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closings provided for in Section 3, the Series A Notes and/or the Series B Notes, as the case may be, in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

Section 3. CLOSING.

The sale and purchase of $250,000,000 aggregate principal amount of the Series A Notes and the entire aggregate principal amount of the Series B Notes to be purchased by each

Purchaser shall occur at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, at 11:00 a.m., New York time, at a closing on November 17, 2004 or on such other Business Day thereafter on or prior to December 17, 2004 as may be agreed upon by the Company and the Purchasers (the "First Closing"). The sale and purchase of $20,000,000 aggregate principal amount of the Series A Notes to be purchased by the Purchasers indicated on Schedule A hereto shall occur at the offices of Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, NY 10019, at 10:00 a.m., New York time, at a closing on March 15, 2005; *provided*, *however*, the sale and purchase of such Series A Notes may close on a date prior to March 15, 2005, so long as the Company has delivered to each Purchaser of such Series A Notes written notice specifying the proposed date for such sale and purchase within ten (10) Business Days prior to such proposed date and each such Purchaser has acknowledged and accepted such proposed date as the date of such sale and purchase (if the Company has not received an acknowledgment and acceptance or a rejection of such proposed date from any such Purchaser within five (5) Business Days after receipt of such notice, such Purchaser shall be deemed to have rejected such proposed date as the date of such sale and purchase) (the "Second Closing", and, together with the First Closing, sometimes hereinafter referred to as a, the, each, or such "Closing" and collectively referred to as the "Closings"). At each Closing, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser at such Closing in the form of a single Series A Note and/or Series B Note, as the case may be, (or such greater number of Series A Notes and/or Series B Notes, as the case may be, in denominations of at least $100,000 as such Purchaser may request) dated as of the date of such Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds to such account(s) designated by the Company in the letter provided pursuant to Section 4.10 of this Agreement or at such other account(s) as shall be specified in writing to the Purchasers. If at the First Closing or the Second Closing the Company shall fail to tender such Notes to any Purchaser that is scheduled to purchase Notes on such date as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement.

Section 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at each Closing in which such Purchaser is purchasing any Notes is subject to the fulfillment to such Purchaser's satisfaction, prior to or at such Closing, of the following conditions:

Section 4.1. Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be true and correct when made and as of the date of such Closing (other than any such representations and warranties that, by their express terms, refer to a specific date other than the date of such Closing, in which case, shall be true and correct as of such specific date). The statements of the Company and its respective officers or Responsible Officers made in any certificates delivered pursuant to this Agreement shall be true and correct, in all material respects, when made and as of the date of such Closing (other than any such statements that, by their express terms, refer to a specific date other than the date of such Closing, in which case, shall be true and correct as of such specific date).

Section 4.2. Performance; No Default.

The Company shall have performed and complied, in all material respects, with all agreements and conditions contained in this Agreement and the Notes required to be performed or complied with by it prior to or at such Closing and, after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) and of all other Debt to be issued by the Company as of the date of such Closing, no Default or Event of Default shall have occurred and be continuing. The Company shall not have entered into any transaction since the date of the Memorandum that remains in effect after the closing of the CrossCountry Acquisition and would be in violation of Section 9(g) had such Section applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate*. The Company shall have delivered to such Purchaser an Officer's Certificate, dated as of the date of such Closing, certifying that the conditions specified in Sections 4.1, 4.2, 4.9 and 4.13, as applicable, have been fulfilled.

(b) *Secretary's Certificate*. The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated as of the date of such Closing, certifying as to, among other things, (i) the completeness and correctness of the limited liability company agreement attached thereto, (ii) the completeness and correctness of one or more resolutions or other authorizations attached thereto and other limited liability company proceedings relating to the authorization, execution and delivery of the Notes and this Agreement, (iii) the completeness and correctness of the bylaws or other governing documents of the Company as in effect on the date on which the resolutions referred to in clause (ii) above were adopted as of the date of such Closing, (iv) the due organization and good standing of the Company under the laws of its jurisdiction of organization, and the absence of any proceeding for the dissolution or liquidation of the Company, (v) the names and true signatures of the officers of the Company authorized to sign this Agreement, the Notes and the other documents to be delivered hereunder.

Section 4.4. Opinions of Counsel.

Such Purchaser and its counsel shall have received opinions in form and substance satisfactory to such Purchaser, dated as of such Closing from (a) Simpson Thacher & Bartlett LLP, counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers), (b) Drew Fossum, Esq., General Counsel to the Company, covering the matters set forth in Exhibit 4.4(b) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request, and (c) Dewey Ballantine LLP, the Purchasers' special counsel in connection with the transactions contemplated hereby, and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc.

On the date of such Closing, such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable Law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable Law or regulation, which Law or regulation was not in effect on the date hereof. If requested by such Purchaser at least three Business Days prior to the date of such Closing, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact concerning the Company as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes.

Contemporaneously with such Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at such Closing as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before such Closing the reasonable fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to such Closing.

Section 4.8. Private Placement Number.

A Private Placement Number issued by S&P's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for each of the Series A Notes and the Series B Notes.

Section 4.9. Changes in Corporate Structure.

Except as contemplated by the CrossCountry Acquisition and the conversion of the Company from a corporation to a limited liability company, the Company shall not have changed its jurisdiction of organization or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following June 30, 2004.

Section 4.10. Funding Instructions.

At least two Business Days prior to the date of such Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company or CCE Holdings confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Proceedings and Documents.

All limited liability company, corporate and other proceedings in connection with the transactions contemplated by this Agreement and the Notes and all other documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 4.12. Acquisition Agreement.

(a) There shall not exist any event or condition that would result in a condition precedent to closing set forth in Article VII of the CrossCountry Acquisition Agreement not being satisfied and thereby permitting CCE Holdings not to consummate the transactions contemplated by the CrossCountry Acquisition Agreement (or, in the case of the Second Closing, such consummation shall have occurred prior to the date of the Second Closing).

(b) Prior to the issuance of the Notes in accordance with the terms of this Agreement, the CrossCountry Acquisition shall have been consummated (or, in the case of the Second Closing, such consummation shall have occurred prior to the date of the Second Closing) on terms and conditions substantially as set forth in (i) the CrossCountry Acquisition Agreement, modified to require pre-closing conversion of corporate Subsidiaries of CrossCountry to limited liability companies, and as otherwise amended or modified in a manner not adverse to the Purchasers (as determined in the reasonable discretion of the Purchasers) and (ii) the letter agreement dated September 1, 2004 between General Electric Capital Corporation and Southern Union Company and the term sheet attached thereto as Attachment B, in each case relating to the formation of CCE Holdings in connection with the CrossCountry Acquisition.

Section 4.13. No Legal Impediment to Issuance.

No action shall have been taken or, to the best knowledge of the Company, be threatened, and no statute, rule, regulation or order shall have been enacted, adopted or issued by any Governmental Authority that would, as of the date of such Closing, prevent the issuance or sale of the Notes; and no injunction or order of any other nature by any Governmental Authority shall have been issued or shall be pending or, to the best knowledge of the Company, threatened that would, as of the date of such Closing, prevent the issuance or sale of the Notes.

Section 4.14. Existing Credit Facility.

Such Purchaser or its counsel shall have received on or prior to the First Closing:

(a) contemporaneously with the issuance of the Notes to be issued at the First Closing pursuant to the terms of this Agreement, evidence that (i) the Company shall have repaid all of the Existing Credit Facility, (ii) the commitments of the lenders thereunder shall have been terminated and (iii) there shall be in place arrangements for the release of any liens and security interests in respect of the Existing Credit Facility reasonably satisfactory to the administrative agent under the New Credit Facility;

(b) a copy of the "pay-off" letter with respect to the Existing Credit Facility reasonably satisfactory to the administrative agent under the New Credit Facility duly executed by each of the parties thereto.

Section 4.15. Rating.

Such Purchaser or its counsel shall have received a letter, dated on or prior to such Closing, from S&P, assigning a rating to each of the Series A Notes and the Series B Notes of at least BBB; *provided*, *however*, that, to the extent such letter is dated prior to the date of such Closing, no Ratings Downgrade shall have occurred.

Section 4.16. Holdco Debt; New Credit Facility.

Contemporaneously with the issuance of the Notes to be issued at the First Closing pursuant to the terms of this Agreement, (a) the Company shall have entered into the New Credit Facility on terms and conditions previously disclosed to such Purchaser and (b) Holdco shall issue the Holdco Notes pursuant to the Holdco Note Agreement and shall have entered into the Holdco Credit Facility on terms and conditions previously disclosed to such Purchaser.

Section 4.17. Administrative Services Agreement.

Prior to the First Closing, CCE Holdings shall have entered into an administrative services agreement with a Southern Union Company Entity that is reasonably satisfactory in form and substance to the administrative agent under the New Credit Facility.

Section 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority.

The Company (i) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, (ii) is duly qualified and in good standing in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except, where the failure to so qualify or be in good standing would not be reasonably expected to have a Material Adverse Effect and (iii) has all requisite limited liability company power and authority (including, without limitation, all Governmental Authorizations) to own or lease and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to execute this Agreement and the Notes and to perform the provisions hereof and thereof except, in the case of Governmental Authorizations, where the failure to have any such Governmental Authorizations could not reasonably be expected to have a Material Adverse Effect.

Section 5.2. Authorization, Etc.

This Agreement and the Notes have been duly authorized by all necessary limited liability company action on the part of the Company, and this Agreement and the Notes constitute, and upon execution and delivery thereof will constitute, a legal, valid and binding

obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure.

The Company, through its agents, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc., has delivered to you and each other Purchaser a copy of a Private Placement Memorandum, dated October 2004 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company. This Agreement, the Notes, the Memorandum, the CrossCountry Acquisition Agreement, the documents, certificates or other writings by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements described in Section 5.5, (this Agreement, the Notes, the Memorandum, the CrossCountry Acquisition Agreement, and such documents, certificates or other writings and such financial statements being referred to, collectively, as the "Disclosure Documents") taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made; *provided*, that, with respect to projected and pro forma financial information provided in connection with the Memorandum, the Company represents only that such information was prepared in good faith based upon estimates and assumptions believed by the Company to be accurate and reasonable at the time. Since December 31, 2003, there has not occurred any event or condition, which, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Equity Interests of Subsidiaries; Affiliates.

As of the First Closing, the only Subsidiary of Holdco is the Company and the Company has no Subsidiaries. Holdco owns 100% of the Equity Interests of the Company.

Section 5.5. Financial Statements.

The Company has delivered to the Purchasers (i) the Consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2003, 2002 and 2001 and the related Consolidated statement of income and Consolidated statement of cash flows of the Company and its Subsidiaries for the Fiscal Year then ended, accompanied, in the case of the Company's Consolidated audited financial statements for the year ended December 31, 2003, by either (A) an unqualified opinion of Deloitte & Touche LLP, independent public accountants, or (B) an opinion of Deloitte & Touche LLP qualified only by reason of the Cases and the short-term nature of a 2001 bank credit facility, and (ii) the Consolidated balance sheet of the Company and its Subsidiaries as at June 30, 2004 and the related Consolidated statement of income and Consolidated statement of cash flow of the Company and its Subsidiaries for the six-month period then ended. Such financial statements present fairly, in all material respects (taking into account the anticipated restatement of financial statements described on Schedule 5.5), the

Consolidated financial condition of the Company and its Subsidiaries as at such dates and the Consolidated results of operations of the Company and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP applied on a consistent basis, subject to normal year-end adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

Section 5.6. No Conflict, Other Instruments, Etc.

The execution, delivery and performance by the Company of this Agreement and the Notes, as applicable, and the consummation of the transactions contemplated hereby, do not (i) contravene the Company's organizational documents, (ii) violate any Law (other than with respect to any prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or violation of Part 4 of Title I of ERISA, as to which no representation is being made), (iii) conflict with or result in the breach of, or constitute a default or require any material payment to be made under any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting the Company or any of its Properties, (iv) result in or require the creation or imposition of any Lien upon or with respect to any of the Properties of the Company, except for (A) in the case of clauses (iii) and (iv) (other than with respect to the consummation of the transactions contemplated hereby), breaches of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument or creation of a Lien that could not be reasonably expected to have a Material Adverse Effect and (B) in the case of clauses (iii) and (iv) with respect to the consummation of the transactions contemplated hereby, breaches of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument or creation of a Lien that to the knowledge of the Company could not be reasonably expected to have a Material Adverse Effect.

Section 5.7. Governmental Authorizations, Etc.

No Governmental Authorization, and no notice to or filing with, any Governmental Authority (including, without limitation, the SEC under PUHCA) or any other third party, is required in connection with the execution, delivery or performance by the Company of this Agreement and the Notes and the transactions contemplated herein or therein (including without limitation, the incurrence of Debt under this Agreement and the Notes and the repayment thereof and the exercise by any holder of Notes of its rights under the Loan Documents), except for those authorizations, approvals, actions, notices and filings with respect to the consummation of the transactions contemplated hereby, (A) which have been duly obtained or made or (B) the failure of which to be obtained or made could not reasonably be expected to have a Material Adverse Effect.

Section 5.8. Litigation.

Except as set forth on Schedule 5.8, there is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against or affecting the Company, including any Environmental Action in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, (i) could be reasonably expected to have a Material Adverse Effect, or (ii) purports to affect the legality or validity, or enforceability of this Agreement and the Notes or the consummation of the transactions contemplated hereby.

Section 5.9. Taxes.

(a) The Company has filed or caused to be filed all United States federal income tax returns and all other material domestic tax returns which to the knowledge of the Company are required to be filed by the Company and has paid or provided for the payment, before the same become delinquent, of all taxes due pursuant to such returns or pursuant to any assessment received by the Company, other than (i) those taxes contested in good faith by appropriate proceedings, and (ii) any such payment in an amount not to exceed $1,000,000 in the aggregate at any time outstanding.

(b) The Company is not a party to any tax sharing agreement or arrangement that will remain in effect after the consummation of the CrossCountry Acquisition.

Section 5.10. Title to Property; Leases.

The Company has good and valid title to, or holds a valid leasehold, license or other interest in, or right of way easement through all items of real property used by it in the ordinary course of business with such exceptions as would not reasonably be expected to have, in the aggregate, a Material Adverse Effect, in each case free and clear of all Liens (except for (i) all Liens set forth on Schedule 5.10, (ii) Permitted Liens and (iii) such other Liens that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect). With respect to each material parcel of real property that is leased by the Company as tenant (the "Leased Real Property"), to the knowledge of the Company, (x) the Company has not received any notice of default under any lease pertaining to any of the Leased Real Property in the twelve (12) month period prior to the date hereof and (y) there are no uncured defaults under any lease without regard to when notice may have been given that would give the counterparty the right to terminate such lease, in each case with such exceptions as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.11. Licenses, Permits, Etc.

Except as set forth on Schedule 5.11, the Company does not have any interest in any material patents, patent licenses, copyrights, service marks, trademarks and trade names. To the Company's knowledge, the use of any intellectual property set forth on Schedule 5.11 by the Company does not conflict with the asserted rights of others, with such exceptions as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.12. Compliance with ERISA.

(a) No ERISA Event has occurred during the prior five year period or is reasonably expected to occur with respect to any Plan that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan, which could reasonably be expected to have a Material Adverse Effect.

(c) Neither the Company nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that (x) such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA or (y) such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

Section 5.13. Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and not more than 100 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations.

The Company shall use the proceeds of the sale of the Notes solely to refinance (a) a portion of the refinancing of the Existing Credit Facility and (b) a portion of the acquisition costs for the CrossCountry Acquisition. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221) ("Regulation U"), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). The Company owns no margin stock. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness.

Set forth on Schedule 5.15 hereto is a complete and accurate list, as of the date of the First Closing, of each item of Debt of the Company in principal amount outstanding in excess of $5,000,000 immediately before the occurrence of the First Closing, showing as of such date the obligor and the principal amount outstanding thereunder.

Section 5.16. Foreign Assets Control Regulations, Etc.

(a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) The Company (i) is not a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (ii) does not engage in any dealings or transactions with any such Person. The Company is in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

Section 5.17. Regulatory Matters.

The Company is not, and will not be after giving effect to the offering of the Notes and the execution of this Agreement and the Notes, as applicable, subject to regulation under the ICC Termination Act of 1995, as amended. After giving effect to the CrossCountry Acquisition, the Company is not a "holding company," a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of PUHCA. The Company is not an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.

Section 5.18. Environmental Matters.

(a) Except, in each case, as would not reasonably be likely to have a Material Adverse Effect, the operations and properties of the Company comply in all respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs, and no circumstances exist that could be reasonably expected to (i) form the basis of an Environmental Action against the Company or any of its properties or (ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law.

(b) Except, in each case, as would not be reasonably expected to have a Material Adverse Effect, none of the properties currently or formerly owned or operated by the Company is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; and Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by the Company.

(c) All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by the Company have been, to the extent they are disposed of, disposed of in a manner that would not be reasonably expected to result in a Material Adverse Effect.

Section 5.19. Independent Accountants.

Deloitte & Touche LLP, who have certified the financial statements of the Company for the fiscal year ended December 31, 2003, are independent public accountants with respect to the

Company within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and its interpretations and rulings thereunder.

Section 5.20. Insurance.

As of the date of each Closing, the Company has insurance with responsible and reputable insurers covering its Properties against loss or damage of the kinds customarily insured against by companies similarly situated in the industry in which the Company conducts its business, in such amounts and with such deductibles as is customary for similarly situated companies; and the Company (i) has not received notice from any insurer or agent of such insurer that any material capital improvements or other material expenditures are required or necessary to be made in order to continue such insurance or (ii) does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at commercially available rates from similar insurers as may be necessary to continue its business.

Section 5.21. Notes Pari Passu.

The Notes do and shall rank *pari passu* with the Company's unsecured senior Debt (including, without limitation, Debt incurred in accordance with the terms of the New Credit Facility).

Section 5.22. Representations and Warranties Applicable to Subsidiaries.

To the extent the Company forms or acquires any Person as a Subsidiary of the Company in accordance with the terms of this Agreement between the date of the First Closing and the date of the Second Closing, the representations and warranties contained in Sections 5.1 through 5.21 and Section 5.23 made on the Second Closing shall be deemed made by the Company with respect to each such Subsidiary so formed or acquired.

Section 5.23. Compliance with Rules, Regulations and Laws.

The Company is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 6. REPRESENTATIONS OF THE PURCHASER.

Section 6.1. Purchase for Investment.

Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by Law, and that the Company is not required to register the Notes.

Section 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information.

For so long as any Note is outstanding the Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Financials*. As soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year, Consolidated balance sheets of the Company and its Subsidiaries as of the end of such quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to normal year-end audit adjustments) by a Senior Financial Officer of the Company as having been prepared in accordance with GAAP, and together with (i) a certificate of such officer stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Company has taken and proposes to take with respect thereto and (ii) a schedule, delivered and signed by such officer, of the computations used by the Company in determining compliance with the covenants contained in Section 10(i), provided that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 10(i), a statement of reconciliation conforming such financial statements to GAAP;

(b) *Annual Financials*. As soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual audit report for such year for the Company and its Subsidiaries, including therein Consolidated balance sheets of the Company and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and a Consolidated statement of cash flows of the Company and its Subsidiaries for such Fiscal Year, setting forth, in each case, in comparative form the figures for the previous Fiscal Year, in each case accompanied by (i) an opinion of PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; *provided* that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 10(i), a statement of reconciliation conforming such financial statements to GAAP and (ii) a certificate of a Senior Financial Officer of the Company stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as

to the nature thereof and the action that the Company has taken and proposes to take with respect thereto and (iii) a schedule, delivered and signed by such officer, of the computations used in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Section 10(i);

(c) *Securities Reports*. Promptly after the sending or filing thereof, copies of all regular, periodic and special reports, and all registration statements, that the Company or any of its Subsidiaries files with the SEC or any governmental authority that may be substituted therefor, or with any national securities exchange;

(d) *Notice of Default or Event of Default*. As soon as possible and in any event within five days after the Company first obtains knowledge of the occurrence of any Default or Event of Default, or any event, development or occurrence that could be reasonably expected to have a Material Adverse Effect, continuing on the date of such statement, a statement of an executive officer of the Company setting forth details of such Default or Event of Default, or event, development or occurrence and the action that the Company has taken and proposes to take with respect thereto;

(e) *ERISA Matters*. Promptly, and in any event within five days after a Responsible Officer becomes aware of any of the events described in Sections 11(j) and 11(k), a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto;

(f) *Notices from Governmental Authority*. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any Governmental Authority affecting the Company or any of its Subsidiaries of the type described in Section 5.8; and

(g) *Requested Information*. Such other information respecting the business, financial condition, operations, or assets of the Company or any of its Subsidiaries as from time to time may be reasonably requested by any such holder of Notes.

Section 7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by the certificates of, and schedule signed by, a Senior Financial Officer referred to in Section 7.1(a) or Section 7.1(b), as the case may be.

Section 7.3. Visitation.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default*. If no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company,

which consent will not be unreasonably withheld) to visit the other offices and properties of the Company or any of its Subsidiaries, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default*. If a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any of its Subsidiaries, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants and the Company shall be provided an opportunity to participate in such discussions with such accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity.

As provided therein, the entire unpaid principal balance of the Notes shall be due and payable on the Stated Maturity Dates thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than $10,000,000 of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.5), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Offer of Prepayment Upon Asset Sales.

(a) *Notice of Certain Dispositions*. The Company will, on or prior to five Business Days after the end of any consecutive 12-month period during which the Company or any of its Subsidiaries makes one or more Asset Sales pursuant to which the Company or any of its Subsidiaries receives Net Cash Proceeds in excess of 10% of Consolidated Net Tangible Assets (determined as of the end of the fiscal quarter of the Company immediately prior to the commencement of such 12-month period (and without deduction for such Asset Sales)), give written notice of such Asset Sales to each holder of Notes which notice shall contain and constitute

an offer to prepay the Notes as described in paragraph (b) of this Section 8.3 and shall be accompanied by the certificate described in paragraph (e) of this Section 8.3.

(b) *Offer to Prepay Notes*. The offer to prepay the Notes contemplated by paragraph (a) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, the Notes held by each holder on a date specified in such offer (the "Proposed Asset Sale Prepayment Date"). The Proposed Asset Sale Prepayment Date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Proposed Asset Sale Prepayment Date shall not be specified in such offer, the Proposed Asset Sale Prepayment Date shall be the 60th day after the date of such offer).

(c) *Acceptance; Rejection*. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company at least five days prior to the Proposed Asset Sale Prepayment Date. A failure by a holder of Notes to reply to an offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment*. The principal amount of the Notes to be prepaid pursuant to this Section 8.3 shall be equal to the amount, if any, by which the aggregate of all Net Cash Proceeds from all of the Asset Sales referred to in Section 8.3(a) exceeds 10% of Consolidated Net Tangible Assets (determined as of the end of the fiscal quarter of the Company immediately preceding the date of such Asset Sale and without deduction for such Asset Sales) (such Net Cash Proceeds being referred to herein as the "Excess Cash Proceeds") together with interest on such Notes accrued to the date of prepayment, but without any premium; *provided* that in connection with any Asset Sale that triggers a prepayment of the Term Advances under the New Credit Facility, the Excess Cash Proceeds shall be applied ratably to the Term Advances under the New Credit Facility and an offer to purchase the Notes pursuant to this Section 8.3 on the basis of their outstanding aggregate principal amounts. The prepayment of the Notes shall be made on the Proposed Asset Sale Prepayment Date; *provided further* that if any of the Excess Cash Proceeds that are applicable to the prepayment of the Notes are not so applied due to any rejections of such prepayment pursuant to Section 8.3(c), such Excess Cash Proceeds shall be applied to the term loans under the New Credit Facility.

(e) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying: (i) the Proposed Asset Sale Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Asset Sale Prepayment Date; (v) that the conditions of this Section 8.3 have been fulfilled; and (vi) in reasonable detail, the nature of the Asset Sales with respect to which such prepayment is being made.

(f) *Deferral of Offer to Prepay*. Notwithstanding the foregoing provisions of Section 8.3, with respect to any Net Cash Proceeds realized or received with respect to any Asset Sale referred to in Section 8.3(a), if the Company shall deliver to the holders of Notes a certificate of a Senior Financial Officer to the effect that the Company and its Subsidiaries intend to reinvest such Net Cash Proceeds (or a portion thereof specified in such certificate) in its business (or enter

into a binding commitment with respect to such reinvestment) within 365 days after receipt of such Net Cash Proceeds, then no prepayment need be offered by the Company pursuant to the foregoing provisions of this Section 8.3 in respect of such Net Cash Proceeds (or the portion of such Net Cash Proceeds specified in such certificate, if applicable), except that, if (x) any such Net Cash Proceeds have not been so applied by the end of such 365-day period or (y) the Company or any of its Subsidiaries have not entered into a binding commitment with respect to such application of such Net Cash Proceeds within such 365-day period and not reinvested in its business pursuant to such commitment within 180 days after entering into such commitment, the Company shall offer to prepay the Notes at that time in accordance with the foregoing provisions of this Section 8.3 in an amount equal to the amount of such Net Cash Proceeds that have not been so applied pro rata with the prepayment of the Term Advances under the New Credit Facility (if a prepayment is triggered under the New Credit Facility under such circumstances).

Section 8.4. Change of Control Put.

(a) *Notice of Change of Control or Control Event*. The Company will, within three Business Days after any officer of the Company or its Subsidiaries has knowledge of the occurrence of any Change of Control or Control Event, give written notice of such Change of Control or Control Event to each holder of Notes unless notice in respect of such Change of Control (or the Change of Control contemplated by such Control Event) shall have been given pursuant to paragraph (b) of this Section 8.4. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in paragraph (c) of this Section 8.4 and shall be accompanied by the certificate described in paragraph (g) of this Section 8.4.

(b) *Condition to Company Action*. The Company will not take any action that consummates or finalizes a Change of Control unless at least 30 days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes as described in paragraph (c) of this Section 8.4 (the "Company Offer Notice"), accompanied by the certificate described in paragraph (g) of this Section 8.4 of the consummation or finalization of such Change of Control.

(c) *Offer to Prepay Notes*. The offer to prepay Notes contemplated by paragraphs (a) and (b) of this Section 8.4 shall be an offer to prepay, in accordance with and subject to this Section 8.4, all, but not less than all, the Notes held by each holder on a date specified in such offer (the "Proposed Change of Control Prepayment Date"). The Proposed Change of Control Prepayment Date shall be not less than 30 days after the date of such offer (if the Proposed Change of Control Prepayment Date shall not be specified in such offer, the Proposed Change of Control Prepayment Date shall be the 30th day after the date of such offer).

(d) *Acceptance; Rejection*. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.4 by causing a notice of such acceptance to be delivered to the Company not later than the twentieth day following delivery of the Company Offer Notice. A failure by a holder of Notes to reply to an offer by such date to prepay made pursuant to this Section 8.4 shall be deemed to constitute a rejection of such offer by such holder.

(e) *Prepayment*. Prepayment of the Notes to be prepaid pursuant to this Section 8.4 shall be at 100% of the principal amount of such Notes together with interest on such Notes accrued to the date of prepayment but without any premium. The prepayment shall be made on the Proposed Change of Control Prepayment Date except as provided in paragraph (f) of this Section 8.4.

(f) *Deferral pending Change of Control*. The obligation of the Company to prepay Notes pursuant to the offers required by paragraph (b) and accepted in accordance with paragraph (d) of this Section 8.4 is subject to the occurrence of the Change of Control in respect of which such offers and acceptances shall have been made. In the event that such Change of Control does not occur on the Proposed Change of Control Prepayment Date in respect thereof, the prepayment shall be deferred until and shall be made on the date on which such Change of Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change of Control and prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change of Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.4 in respect of such Change of Control shall be deemed rescinded).

(g) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.4 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Change of Control Prepayment Date; (ii) that such offer is made pursuant to this Section 8.4; (iii) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Change of Control Prepayment Date; and (iv) in reasonable detail, the nature and date or proposed date of the Change of Control.

Section 8.5. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.6. Maturity; Surrender, Etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.7. Purchase of Notes.

The Company will not and will not permit any of its Subsidiaries to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any of its Subsidiaries pursuant to any payment or prepayment of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.8. Make-Whole Amount.

"**Make-Whole Amount**" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make Whole Amount, the following terms have the following meanings:

"**Called Principal**" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"**Discounted Value**" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Reinvestment Yield**" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1 on Bloomberg or, if Page PX1 (or its successor screen on Bloomberg) is unavailable, the Telerate Access Service screen which corresponds most closely to Page PX1 for the most recently issued actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"**Remaining Average Life**" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"**Remaining Scheduled Payments**" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"**Settlement Date**" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding, it shall:

(a) *Compliance with Laws, Etc.* Comply, and cause each of its Subsidiaries to comply, with all applicable laws, rules, regulations and orders (including, without limitation, the USA Patriot Act) of any Governmental Authority binding on it or any of its properties, except for such non-compliance as would not be reasonably expected to have a Material Adverse Effect.

(b) *Payment of Taxes, Etc.* Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all material lawful claims that, if unpaid, might by law become a Lien upon its property; *provided, however*, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable.

(c) *Maintenance of Insurance.* Maintain, and cause each of its Subsidiaries to maintain insurance with responsible and reputable insurance companies or associations and such insurance shall be maintained in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or any of its Subsidiaries operates.

(d) *Preservation of Corporate Existence, Etc.* Except as expressly permitted by Section 10(d), preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its legal existence, and, except as would not be reasonably expected to have a Material Adverse Effect, its permits, licenses, approvals, privileges and franchises necessary to the normal conduct of its business.

(e) *Keeping of Books.* Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each Subsidiary of the Company to the extent necessary to prepare financial statements that are in accordance with GAAP in effect from time to time.

(f) *Maintenance of Properties, Etc.* Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its Properties that are used or useful in the conduct of its business in accordance with the Company's or its Subsidiaries' established maintenance plan as in effect from time to time consistent with past practices.

(g) *Transactions with Affiliates*. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates on terms that are no less favorable to the Company or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate (including, pursuant to the agreement set forth in item 1 on Schedule 9(g) for so long as such agreement is in effect), except transactions pursuant to the agreement set forth in item 2 on Schedule 9(g).

(h) *Continuance of Rating*. The Company, at least once annually, shall request at least one Required Rating Agency (as of the date of the First Closing, S&P) to update the credit rating issued on the long-term debt of the Company and shall furnish to such Required Rating Agency the information referred to in Section 7.1, together with such other information as such Required Rating Agency may reasonably request in connection with its rating of the long-term debt of the Company.

(i) *Covenant Regarding Subsidiaries.* Upon the formation or acquisition by the Company or any of its Subsidiaries of any new direct or indirect Subsidiary that is organized under the laws of any political subdivision of the United States of America, within ten (10) days after such formation or acquisition, at the Company's election, either (i) at the Company's expense, cause such Subsidiary, and cause each direct and indirect parent of such Subsidiary (if it has not already done so), to duly execute and deliver to each holder of Notes a Subsidiary Guaranty, guaranteeing the obligations of the Company and the other Subsidiary Guarantors under the Loan Documents and to provide an opinion of outside counsel of nationally recognized standing to the effect that each Subsidiary Guaranty is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, or (ii) notify each holder of Notes that such Subsidiary shall not be a Subsidiary Guarantor hereunder (each such Subsidiary, a "Non-Guarantor Subsidiary") and shall cause such Subsidiary to be in compliance with Section 10(a) and Section 10(b) to the extent applicable to a Non-Guarantor Subsidiary in addition to any other provisions of the Loan Documents applicable to any Subsidiary of the Company.

Section 10. NEGATIVE COVENANTS.

The Company covenants that, so long as any of the Notes are outstanding, it will not and will cause its Subsidiaries not to, at any time:

(a) *Liens, Etc*. Create, incur, assume or suffer to exist any Lien on or with respect to any of its Properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file, under the Uniform Commercial Code of any jurisdiction, a financing statement that names the Company or any of its Subsidiaries as debtor, or sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement, or assign any accounts or other right to receive income, except:

(i) Permitted Liens for the Company and its Subsidiaries;

(ii) Liens existing on the date hereof and described on Schedule 5.15 hereto and any replacement, extension or renewal of the indebtedness secured by such Lien; *provided* that the amount of Debt or other obligations secured thereby is not increased and is not secured by any additional assets;

(iii) Liens arising in connection with Capitalized Leases; *provided* that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases and purchase money Liens upon or in real property, equipment or other fixed or capital assets acquired or held by the Company or any of its Subsidiaries to secure the purchase price of such property, equipment or other fixed or capital assets or to secure Debt incurred for the purpose of financing the acquisition, construction or improvement of any such property, equipment or other fixed or capital assets, or Liens existing on any such property, equipment or other fixed or capital assets at the time of acquisition, or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; *provided* that no such Lien shall extend to or cover any property other than the property, equipment or other fixed or capital assets being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced; and *provided*, that the aggregate principal amount of the Debt secured by Liens permitted by this clause (iii) shall not exceed $50,000,000 at any time outstanding; and

(iv) the Company or any of its Subsidiaries may create or assume any other Lien securing Debt if, after giving effect to such Debt, the Priority Obligations Amount does not exceed 10% of the Consolidated Net Tangible Assets; *provided, however,* that if the Company or any of the Subsidiaries cannot or does not wish to comply with the restrictions set forth in this Section 10(a)(iv), then, as conditions to such non-compliance, (x) (A) a Senior Financial Officer shall provide a certificate to all holders of Notes describing in reasonable detail such non-compliance and the Debt to be secured by such Lien (including details of such Lien) and (B) the Company and/or such Subsidiary shall make, or cause to be made, effective a provision whereby the Notes will be equally and ratably secured with the Debt with respect to which there is non-compliance with the limitation on Liens set forth in this Section 10(a)(iv), such security to be pursuant to an agreement reasonably satisfactory to the Required Holders and, in any such case, the

holders of Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of the Notes may be entitled under applicable law, of an equitable Lien on such property and (y) the holders of the Notes shall have received a favorable opinion of counsel reasonably satisfactory to the Required Holders with respect thereto.

(b) *Debt of Non-Guarantor Subsidiaries*. In the case of any Non-Guarantor Subsidiary, create, incur, assume or suffer to exist any Debt, unless if after giving effect to such Debt, the Priority Obligations Amount does not exceed 10% of the Consolidated Net Tangible Assets.

(c) *Change in Nature of Business.* Make any material change in the nature of the Company's business as carried on at the date hereof.

(d) *Mergers, Etc.* Merge into or consolidate with any Person or permit any Person to merge into it, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Company may merge into or consolidate with the Company; *provided* that the Company is the continuing or surviving Person;

(ii) any Subsidiary of the Company may merge into or consolidate with any other Subsidiary of the Company; *provided* that, in the case of any such merger or consolidation to which a Guarantor is a party, the Person formed by such merger or consolidation shall be a Guarantor;

(iii) any Subsidiary of the Company may be liquidated or dissolved if the Company determines in good faith that such liquidation or dissolution is in the best interest of the Company and is not materially disadvantageous to the holders of the Notes; and

(iv) any Subsidiary of the Company may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; *provided* that the Person surviving such merger shall be a Subsidiary of the Company;

provided, *however*, that in each case, immediately before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

(e) *Sales, Etc., of Assets.* Dispose of, in one transaction or in a series of transactions, all or substantially all of its assets during any Fiscal Year, except:

(i) in a transaction authorized by Section 10(d); and

(ii) Dispositions of assets among the Company and its Subsidiaries.

(f) *Restricted Payments.* Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its

stockholders, partners or members (or the equivalent Persons thereof) as such or make any payment on any Debt owing to its direct or indirect parent (or any equity owner thereof) or any Affiliate thereof (other than payments on the Notes and indebtedness under the New Credit Facility) (any of the foregoing, a "Restricted Payment"), or permit any of its Subsidiaries to do any of the foregoing, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Company or to issue or sell any Equity Interests therein, except that, (i) any Subsidiaries may make Restricted Payments to the Company and (ii) so long as no Default or Event of Default has occurred and is continuing and the Company is in pro forma compliance with Section 10(i) after giving effect to such Restricted Payments, the Company may make distributions to Holdco.

(g) *Sales and Leasebacks.* Enter into any arrangement with any Person (other than Subsidiaries of the Company) providing for the leasing by the Company or any Subsidiary of real or personal property that has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Company or such Subsidiary (each a "Sale Leaseback Transaction"), unless if after giving effect to such Sale Leaseback Transaction, the Priority Obligations Amount does not exceed 10% of the Consolidated Net Tangible Assets.

(h) *Use of Proceeds.* Use the proceeds of any Notes for any purpose other than for purposes set forth in Section 5.14.

(i) *Debt/Capitalization Ratio.* Permit the Debt/Capitalization Ratio as of the last day of any fiscal quarter of the Company to be greater than 65%.

Section 11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) any representation or warranty made by the Company or its Subsidiaries (or any of its officers or Responsible Officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(d) the Company shall fail to perform or observe any term, covenant or agreement contained in Section 7.1(d), Section 9(d) and Section 10; or

(e) the Company or its Subsidiaries shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of (i) a Responsible

Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(e)); or

(f) the Company or any of its Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Debt (other than Debt of the type described in (i) clause (g) of the definition thereof or (ii) clause (h) of the definition thereof to the extent no demand for payment has been made on the Company or any of its Subsidiaries with respect to such Contingent Obligations) or any Hedge Agreements of the Company or such Subsidiary (as the case may be) that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least $50,000,000 either individually or in the aggregate for the Company and all such Subsidiaries (but excluding Debt outstanding under the Notes), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise but other than as a result of the consequences, if any, of a Change of Control under the New Credit Facility), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature (other than, in each case, as a result of the consequences, if any, of a Change of Control under the New Credit Facility); or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than a required prepayment or redemption under Section 2.06 of the New Credit Facility or under any "due on sale" provision of any secured Debt, except as a result of a default or event of default thereunder), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt (unless required under Section 2.06 of the New Credit Facility or under any "due on sale" provision of any secured Debt, except as a result of a default or event of default thereunder) shall be required to be made, in each case prior to the stated maturity thereof (other than, in each case, as a result of the consequences, if any, of a Change of Control under the New Credit Facility); or

(g) (i) CCE Holdings, CrossCountry, Holdco, the Company or any Subsidiary of the Company shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against CCE Holdings, CrossCountry, Holdco, the Company or any Subsidiary of the Company seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or (iii) CCE Holdings, CrossCountry, Holdco, the Company or any Subsidiary of the Company shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(h) any judgments or orders, either individually or in the aggregate, for the payment of money in excess of $50,000,000 shall be rendered against the Company or any of its Subsidiaries and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; *provided, however*, that any such judgment or order shall not give rise to an Event of Default under this paragraph (h) if and for so long as (i) the amount of such judgment or order is covered by a valid and binding surety bond or policy of insurance between the defendant and the insurer and (ii) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment or order; or

(i) any Loan Document shall for any reason cease to be valid and binding on or enforceable against any party thereto, or any such party shall so state in writing; or

(j) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Company or its Subsidiaries and the ERISA Affiliates related to such ERISA Event) could reasonably be expected to have a Material Adverse Effect and (i) demand by the PBGC is made against the Company or any of its Subsidiaries for the payment of such Insufficiency, and such Insufficiency is not satisfied within 60 days of such demand or, if earlier, the date stated in the demand or (ii) a lien is imposed on the Company or any of its Subsidiaries in connection with the failure to pay such Insufficiency, and such Insufficiency is not satisfied within 60 days; or

(k) the Company or any of its Subsidiaries or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Company and its Subsidiaries and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount, which could reasonably be expected to have a Material Adverse Effect.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in Section 11(g)(i) or Section 11(g)(ii) has occurred and is continuing, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or Section 11(b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable Law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by Law or otherwise.

Section 12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or Section 12.1(c), Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable Law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder’s rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any

Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

Section 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes.

Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of the Note of such series originally issued hereunder. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, *provided*, that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000, *provided*, *further*, that no holder shall transfer (other than to a Subsidiary or other Affiliate of such holder) Notes if such transfer causes such holder, its Subsidiaries and other Affiliates of such holder, taken as a whole, to own less than $1,000,000 in aggregate principal amount of Notes (unless such transfer causes such holder, its Subsidiaries and other Affiliates of such holder, taken as a whole, to Dispose of all the Notes owned by any of them).

Section 13.3. Replacement of Notes.

Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be at such place the Company may at any time, by notice specify to each holder of a Note, so long as such place of payment shall be either the principal office of the Company in New York, New York or the principal office of a bank or trust company in New York, New York.

Section 14.2. Home Office Payment.

So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

Section 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions (including reasonable fees, charges and disbursements of the Purchasers' special counsel incurred on and after the date of such Closing with respect to preparation and delivery of closing document sets and binders for the transactions contemplated hereby to the holders of Notes and other Persons) and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any of its Subsidiaries or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

Section 15.2. Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of either this Agreement or the Notes, and the termination of this Agreement.

Section 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or thereof may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any holder of Notes unless consented to by such holder of Notes in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation*. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent by the Company in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding so long as such holder consents to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent made pursuant to this Section 17 by a holder of Notes that has transferred or has agreed to transfer its Notes to the Company or any Restricted Person and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any Restricted Persons shall be deemed not to be outstanding.

Section 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of President and Chief Operating Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

Section 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closings (except the Notes themselves), and (c) financial statements,

certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable Law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

Section 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any of its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any of its Subsidiaries or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and

to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

Section 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

Section 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.6 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms.

All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

Section 22.4. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by Law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company and each of the Purchasers irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable Law, the Company and each of the Purchasers, irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. Each Purchaser consents to process being served by or on behalf of the Company in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which the Company shall then have been notified pursuant to said Section. The Company and each of the Purchasers agree that such respective service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable Law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by Law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

Section 22.9. For Georgia Investors.

These Notes will be issued and sold in reliance on paragraph 13 of Code Section 10-5-9 of the "Georgia Securities Act of 1973," and may not be sold or transferred except in a transaction which is exempt under such Act or pursuant to an effective registration under such Act.

[*Remainder of Page Intentionally Left Blank*]

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,
TRANSWESTERN PIPELINE COMPANY, LLC

By: /s/ Richard N. Marshall
Name: Richard N. Marshall
Title: Vice President and Treasurer

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER:	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED:	
	SERIES 1	$
	SERIES 2	$
	SERIES 3	$

(1) All payments by wire transfer of immediately available funds to:

with sufficient information to identify the source and application of such funds.

(2) All notices of payments and written confirmations of such wire transfers:

(3) All other communications:

(4) Tax Identification Number:

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"**Agreement**" means that certain Note Purchase Agreement, dated as of November 17, 2004 between the Company and the Purchasers.

"**Agreement Value**" means, for each Hedge Agreement, on any date of determination, an amount equal to all obligations thereunder (including the amount of any termination payments that would be payable on such date if the Hedge Agreement were terminated).

"**Anti-Terrorism Order**" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"**Asset Sale**" means a sale, lease, transfer or other deposition by the Company or any of its Subsidiaries to any Person (other than the Company or any of its Subsidiaries), in one transaction or in a series of transactions, of any of its assets, other than (a) the sale of pipeline capacity or natural gas or inventory in the ordinary course of business, (b) the sale of surplus, obsolete or worn-out equipment, vehicles or other property in the ordinary course of business, (c) the lease or sublease of any property in the ordinary course of business, (d) the voluntary termination of any Hedge Agreement, (e) the sale or discount of accounts receivable in the ordinary course of business in connection with the compromise or collection thereof, and (f) the disposition of all or substantially all of its assets in a manner permitted pursuant to Section 10(e)(i) or Section 10(e)(ii).

"**Attributable Indebtedness**" means, with respect to any Sale Leaseback Transaction, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such Sale Leaseback Transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights) during the remaining term of the lease included in such Sale Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease that is terminable by the lessee upon payment of a penalty, the Attributable Indebtedness shall be the lesser of the Attributable Indebtedness determined assuming termination on the first date such lease may be terminated (in which case the Attributable Indebtedness shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date on which it may be so terminated) or the Attributable Indebtedness determined assuming no such termination.

"**Bloomberg**" means Bloomberg Financial Markets.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"**Capitalized Leases**" means, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"**Cases**" means the cases of Enron and certain of its Affiliates pursuant to chapter 11 of title 11 of the United States Code.

"**CCE Holdings**" means CCE Holdings, LLC, a Delaware limited liability company.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time.

"**CERCLIS**" means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

"**Change of Control**" means the occurrence of any of the following events: (a) the failure of Southern Union Company Entities and GE Entities to own, individually or collectively, more than 50% of the aggregate Equity Interests in CCE Holdings, (b) the failure of Southern Union Company Entities to own at least 40% of the aggregate Equity Interests in CCE Holdings, (c) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person (or syndicate or group of Persons which are deemed a "person" for the purposes of Section 13(d) and Section 14(d)(2) of the Securities Exchange Act of 1934, as amended) other than GE Entities, of more of the Equity Interests in CCE Holdings than Southern Union Company Entities, (d) the failure of a Southern Union Company Entity to be the managing member of CCE Holdings or (e) the failure of CCE Holdings to own, directly or indirectly, 100% of the Equity Interests in the Company.

"**Closing**" and "**Closings**" have the meanings assigned to those terms in Section 3 of this Agreement.

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time.

"**Company**" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"**Company Offer Notice**" has the meaning assigned to that term in Section 8.4(b) of this Agreement.

"**Confidential Information**" has the meaning assigned to that term in Section 20 of this Agreement.

"**Consolidated**" refers to the consolidation of accounts in accordance with GAAP.

"**Consolidated Net Tangible Assets**" means, at any date of determination, the total amount of assets of the Company and its Subsidiaries after deducting therefrom:

(a) all current liabilities (excluding (i) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (ii) current maturities of Long-Term Debt); and

(b) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets,

all as set forth on the Consolidated balance sheet of the Company and its Subsidiaries for the Company's most recently completed fiscal quarter, prepared in accordance with GAAP.

"**Consolidated Total Capitalization**" means, at any time, an amount equal to the sum of (a) Consolidated Debt for Borrowed Money of the Company and its Subsidiaries at such time *plus* (b) an amount equal to the sum of all amounts which, in accordance with GAAP, would be included under members' equity on a Consolidated balance sheet of the Company and its Subsidiaries.

"**Contingent Obligation**" means, with respect to any Person, any Obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or other payment Obligations ("**primary obligations**") of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the Obligation of a primary obligor, (b) the Obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement (other than in the ordinary course of business and not in connection with a financing transaction of such Person) or (c) any Obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"**Control Event**" means:

(i) the execution by the Company, the GE Entities, the Southern Union Company Entities, or any other Person (which has notified the Company) of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change of Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change of Control, or

(iii) the making of any written offer by any person (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the date of a Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of a Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change of Control.

"**CrossCountry**" means CrossCountry Energy, LLC, a Delaware limited liability company.

"**CrossCountry Acquisition**" means the acquisition by CCE Holdings of 100% of all issued and outstanding Equity Interests in CrossCountry in accordance with the CrossCountry Acquisition Agreement.

"**CrossCountry Acquisition Agreement**" means that certain Purchase Agreement dated as of June 24, 2004 and amended by Amendment No. 1 dated as of September 1, 2004, and by Amendment No. 2 dated as of November 11, 2004, by and among Enron Operations Services, LLC, Enron Transportation Services, LLC, EOC Preferred, L.L.C. and Enron Corp., as sellers, and CCE Holdings, as purchaser, and all schedules, exhibits and annexes thereto.

"**Debt**" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Obligations of such Person as lessee under Capitalized Leases, (f) all Obligations of such Person under acceptance, letters of credit or other similar arrangements or credit support facilities, (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends, (h) all Contingent Obligations of such Person in respect of the types of Debt described in clauses (a) through (g) above and (i) all indebtedness and other payment Obligations referred to in clauses

(a) through (h) above of another Person 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 (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment Obligations.

"**Debt for Borrowed Money**" of any Person means, at any date of determination, all Debt of such Person (other than Debt referred to in clause (g) of the definition thereof).

"**Debt/Capitalization Ratio**" means, as of any date of determination, the ratio of (a) the aggregate amount of outstanding Consolidated Debt for Borrowed Money of the Company and its Subsidiaries as of such date to (b) Consolidated Total Capitalization of the Company and its Subsidiaries as of such date.

"**Default**" means the occurrence and continuance of an event, which with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"**Default Rate**" means that rate of interest that is the greater of (i) 2.0% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2.0% over the rate of interest publicly announced by JPMorgan Chase Bank in New York, New York, as its "base" or "prime" rate.

"**Disclosure Documents**" has the meaning assigned to that term in Section 5.3 of this Agreement.

"**Dispose**" or "**Disposition**" means a sale, lease, transfer or other disposition.

"**Enron**" means Enron Corp., an Oregon corporation.

"**Environmental Action**" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any Governmental Authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"**Environmental Law**" means any Federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"**Environmental Permit**" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"**Equity Interests**" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"**ERISA Affiliate**" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of the Company or any of its Subsidiaries, or under common control with the Company or any of its Subsidiaries, within the meaning of Section 414(b), (c), (m), or (o) of the Internal Revenue 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 Internal Revenue Code or Section 302 of ERISA), which remains unsatisfied; (c) the filing pursuant to Section 412(d) of the Internal Revenue Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan which is pending; (d) the incurrence by the Company 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 Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice of proceedings to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company 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 Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, imposing Withdrawal Liability or determining that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"**Event of Default**" has the meaning assigned to that term in Section 11 of this Agreement.

"**Excess Cash Proceeds**" has the meaning assigned to that term in Section 8.3(d) of this Agreement.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Existing Credit Facility**" means that certain Credit Agreement, dated as of May 3, 2004, among the Company, the lenders from time to time parties thereto, Wachovia Bank, National Association, as administrative agent and collateral agent, Suntrust Bank, as syndication agent and the other parties thereto.

"**First Closing**" has the meaning assigned to that term in Section 3 of this Agreement.

"**Fiscal Year**" means a fiscal year of the Company and its Consolidated Subsidiaries ending on December 31 in any calendar year.

"**GAAP**" means those generally accepted accounting principles as in effect from time to time in the United States of America.

"**GE Entities**" means, collectively, General Electric Capital Corporation, a Delaware corporation, and its Affiliates.

"**Governmental Authority**" means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign, exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Governmental Authorization**" means any authorization, approval, consent, franchise, license, covenant, order, ruling, permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification or registration with, any Governmental Authority.

"**Guarantor**" means any Subsidiary of the Company that enters into a Subsidiary Guaranty.

"**Hazardous Materials**" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"**Hedge Agreements**" means interest rate, commodity or currency swap, cap or collar agreements, future or option contracts and other hedging agreements (including, without limitation, all "swap agreements" as defined in 11 U.S.C. § 101).

"**Holdco**" means Transwestern Holding Company, LLC, a Delaware limited liability company.

"**Holdco Credit Facility**" means the Credit Agreement, dated as of November 17, 2004, among Holdco, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Merrill Lynch Capital Corp., as syndication agent, WestLB AG, New York Branch, Bank of America, N.A. and SunTrust Bank, as Co-Documentation Agents.

"**Holdco Note Agreement**" means that certain Note Purchase Agreement, dated as of the date hereof, between Holdco and the purchasers listed in Schedule A thereto.

"**Holdco Notes**" means the $225,000,000 senior unsecured notes issued by Holdco on the date of the First Closing pursuant to the Holdco Note Agreement.

"**Institutional Investor**" means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) $1,000,000 or more in aggregate principal amount of either the Series A Notes or the Series B Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"**Insufficiency**" means, with respect to any Plan, the amount, if any, by which its benefit liabilities, as defined in Section 4001(a)(16) of ERISA, determined using the actuarial assumptions used for funding purposes in the most recent actuarial report prepared for such Plan, exceeds the fair market value of such Plan's assets.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"**Law**" means any foreign, federal, state, local (including municipal) or other statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise (including any judicial or administrative order, consent decree, judgment, awards, injunction, determination, or writ to which the Company or any of its Subsidiaries is a party).

"**Leased Real Property**" has the meaning assigned to that term in Section 5.10 of this Agreement.

"**Lien**" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"**Loan Documents**" means this Agreement, the Notes and any Subsidiary Guaranty.

"**Long-Term Debt**" means any Debt that, in accordance with GAAP, constitutes (or, when incurred, constituted) a long-term liability.

"**Make-Whole Amount**" has the meaning assigned to that term in Section 8.8 of this Agreement.

"**Material**" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, financial condition or assets of the Company and its Subsidiaries, taken as a whole, (b) the ability of any party to any Loan Documents to perform their obligations thereunder or (c) the validity or enforceability of any Loan Documents or the rights and remedies of the Purchasers.

"**Memorandum**" has the meaning assigned to that term in Section 5.3 of this Agreement.

"**Moody's**" means Moody's Investors Service, Inc.

"**Multiemployer Plan**" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company and its Subsidiaries or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"**Multiple Employer Plan**" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company and its Subsidiaries or any ERISA Affiliate and at least one Person other than the Company and its Subsidiaries and the ERISA Affiliates or (b) was so maintained and in respect of which the Company and its Subsidiaries or any ERISA Affiliate could reasonably be expected to have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"**NAIC**" means the National Association of Insurance Commissioners or any successor thereto.

"**Net Cash Proceeds**" means, with respect to any Asset Sale, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) in connection with such transaction after deducting therefrom only (without duplication) (i) all out-of-pocket costs and expenses of the Company incurred in connection with such transaction, including any brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions, (ii) the amount of taxes payable in connection with or as a result of such transaction and (iii) the amount of any Debt secured by a Lien on such asset that, by the terms of the agreement or instrument governing such Debt, is required to be repaid upon such disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of the Company or a Restricted Person and are properly attributable to such transaction or to the asset that is the subject thereof; *provided*, *however*, that in the case of taxes that are deductible under clause (ii) above but for the fact that, at the time of receipt of such cash, such taxes have not been actually paid or are not then payable, the Company or its Subsidiaries may deduct an amount (the "**Reserved Amount**") equal to the amount reserved in accordance with GAAP for the Company's or its Subsidiaries reasonable estimate of such taxes, other than taxes for which the Company or such Subsidiary is indemnified, *provided further, however*, that, at the time such taxes are paid, an amount equal to the amount, if any, by which the Reserved Amount for such taxes exceeds the amount of such taxes actually paid shall constitute "Net Cash Proceeds" of the type for which such taxes were reserved for all purposes hereunder.

"**New Credit Facility**" means the Credit Agreement, dated as of November 17, 2004, among the Company, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Merrill Lynch Capital Corp., as syndication agent, WestLB AG, New York Branch, Bank of America, N.A. and SunTrust Bank, as Co-Documentation Agents, or any refinancing or replacement thereof.

"**Non-Guarantor Subsidiary**" has the meaning assigned to that term in Section 9(i) of this Agreement.

"**Notes**" has the meaning assigned to that term in Section 1(ii) of this Agreement.

"**NPL**" means the National Priorities List under CERCLA.

"**Obligation**" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 5.8. Without limiting the generality of the foregoing, the Obligations of the Company or any of its Subsidiaries under the Loan Documents include the obligation to pay principal, interest, premium (including any Make-Whole Amount), charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by the Company or any of its Subsidiaries under any Loan Document.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by a Responsible Officer of such Person.

"**PBGC**" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any successor.

"**Permitted Liens**" means any of the following Liens:

(a) Any Lien:

(i) arising by reason of deposits with or the giving of any form of security to any governmental agency or any other governmental body created or approved by law or governmental regulation for any purpose at any time in connection with the financing of the acquisition or construction of property to be used in the business of the Company or a Subsidiary of the Company;

(ii) for current taxes and assessments or not at the time delinquent and for which adequate reserves have been established to the extent required by GAAP; or

(iii) for taxes and assessments which are delinquent but the validity of which is being contested at the time by the Company or a Subsidiary of the Company in good faith and by appropriate proceedings and for which adequate reserves have been established to the extent required by GAAP;

(b) Leases, whether now or hereafter existing, in the ordinary course of business, of property and assets now and hereafter owned by the Company or any of its Subsidiaries (excluding Capitalized Leases) and any renewals or extensions thereof;

(c) Liens reserved in leases, or arising by operation of law, for rent and for compliance with the terms of the lease in the case of the leasehold estates;

(d) Liens arising by reason of deposits with or the giving of any form of security to any governmental agency or any other governmental body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Company or its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security or to share in the privileges or benefits required for companies participating in such arrangements;

(e)(i) Mechanics', materialmen's, warehousemen's, landlord's or similar Liens or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance or social security legislation, (ii) good faith deposits or downpayments in connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), including contracts for the acquisition of machinery and equipment, (iii) deposits to secure public or statutory obligations, (iv) deposits to secure or in lieu of surety, stay or appeal bonds, (v) margin deposits (*provided* that all such margin deposits shall not exceed $2,000,000 in the aggregate at any time) and (vi) deposits as security for the payment of taxes or assessments or other similar charges;

(f) Liens of any judgments not constituting an Event of Default under Section 11(h);

(g) Any obligation or duties, affecting the property of the Company or its Subsidiaries, to any municipality or governmental, statutory or other public authority with respect to any franchise, grant, lease, license, permit or similar arrangement with such authority;

(h) Rights reserved to or vested in any municipality or governmental, statutory or other public authority by the terms of any right, power, franchise, grant, license or permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit;

(i) Rights reserved to or vested in any municipality or governmental, statutory or other public authority to control or regulate any property of the Company or its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purpose for which it is held by the Company or such Subsidiaries;

(j) Zoning laws and ordinances;

(k) Restrictive covenants, easements on, exceptions to or reservations in respect of any property of the Company or its Subsidiaries granted or reserved for the purpose of electric lines, fiber optic lines, water and sewer lines, pipelines, other utilities, roads, streets, alleys, highways, railroad purposes, the removal of oil, gas, hydrocarbon, coal or other minerals, and other like purposes, or for the use of real property or interests therein, facilities and equipment, which do not materially impair the use thereof for the purposes for which it is held by the Company or such Subsidiaries, and any and all rents, royalties, reservations, Liens and rights or interests of third parties, in each case not securing any Debt, arising in the ordinary course of business of the Company or its Subsidiaries by virtue of any lease or exploration, development, drilling, unitization, communitization or operating agreement relating to or affecting any oil, gas, hydrocarbon, coal or other mineral properties in which the Company or any of its Subsidiaries has an interest;

(l) Defects or irregularities of title, and inaccuracies of legal descriptions, affecting any portion of the property of the Company or any of its Subsidiaries that individually or in the aggregate do not materially interfere with the operation, value of use of the properties of the Company or such Subsidiaries taken as a whole;

(m) Liens securing Debt with respect to Debt of any Person that becomes a Subsidiary of the Company, provided that such Liens were in existence prior to the date on which such Person becomes a Subsidiary of the Company and were not created in contemplation of such Person becoming a Subsidiary of the Company;

(n) Liens on any office equipment, data processing equipment (including computer and computer peripheral equipment), or motor vehicles purchased in the ordinary course of the Company's business; and

(o) Liens created in the ordinary course of business and not in connection with the incurrence of secured Debt in favor of banks and other financial institutions constituting a right of set-off over credit balances or any bank accounts of the Company or any of its Subsidiaries held at such banks or financial institutions.

"**Person**" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"**Plan**" means a Single Employer Plan or a Multiple Employer Plan, as the context may require.

"**Preferred Interests**" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"**Priority Obligations Amount**" means the sum (without duplication) of (i) all Attributable Indebtedness with respect to any Sale Leaseback Transaction entered into by the Company or any of its Subsidiaries, (ii) all Debt of the Company or any of its Subsidiaries secured by a Lien (other than Liens permitted by clauses (i) through (iii) of Section 10(a)) and (iii) all Debt of Non-Guarantor Subsidiaries (other than Debt owed to the Company or another Subsidiary).

"**Property**" means any right or interest in or to assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"**Proposed Asset Sale Prepayment Date**" has the meaning assigned to that term in Section 8.3(b) of this Agreement.

"**Proposed Change of Control Prepayment Date**" has the meaning assigned to that term in Section 8.4(c) of this Agreement.

"**PUHCA**" means the United States Public Utility Holding Company Act of 1935, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"**Purchaser**" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"**Qualified Institutional Buyer**" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"**Ratings Downgrade**" means, at any given time, a reduction, downgrade or withdrawal of a rating then assigned to either the Series A Notes or the Series B Notes, as the case may be, (including the placement of any such rating on "negative outlook" or "negative watch" or their equivalent) by S&P.

"**Redeemable**" means, with respect to any Equity Interest, any Debt or any other right or Obligation, any such Equity Interest, Debt, right or Obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"**Regulation U**" has the meaning assigned to that term in Section 5.14 of this Agreement.

"**Related Fund**" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"**Required Holders**" means, at any time, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any Restricted Persons). Unless the context otherwise clearly requires (i) any reference to the "Required Holders" is a reference to the Required Holders of all of the Notes and (ii) at any time after the First Closing and prior to the Second Closing, the Purchasers, for purposes of Section 17.1 only, shall be deemed to be holders of Notes in the respective aggregate principal amounts to be purchased as of the Second Closing under this Agreement in connection with the determination of Required Holders.

"**Required Rating Agency**" means Fitch Ratings, S&P, Moody's or Dominion Bond Rating Service, or, in each case, any successor entity thereof, as recognized by NAIC.

"**Responsible Officer**" means any Senior Financial Officer and any other officer of the Company or its Subsidiaries, as applicable, with responsibility for the administration of the relevant portion of this Agreement.

"**Restricted Payment**" has the meaning assigned to that term in Section 10(f) of this Agreement.

"**Restricted Persons**" means any (i) Person that owns or otherwise controls, directly or indirectly, more than fifteen percent (15%) of the Equity Interests of the Company and any such Person's Subsidiaries or other Affiliates, and/or (ii) Person that is an Affiliate of the Company.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"**Sale Leaseback Transaction**" has the meaning assigned to that term in Section 10(g) of this Agreement.

"**SEC**" means the United States Securities and Exchange Commission, or any successor thereto.

"**Second Closing**" has the meaning assigned to that term in Section 3 of this Agreement.

"**Securities**" or "**Security**" shall have the meaning specified in Section 2(1) of the Securities Act.

"**Securities Act**" means the United States Securities Act of 1933, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder from time to time in effect.

"**Senior Financial Officer**" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"**Series A Notes**" has the meaning assigned to that term in Section 1 of this Agreement.

"**Series B Notes**" has the meaning assigned to that term in Section 1 of this Agreement.

"**Single Employer Plan**" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company or any of its Subsidiaries or any ERISA Affiliate and no Person other than the Company and any of its Subsidiaries and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any of its Subsidiaries or any ERISA Affiliate could reasonably be expected to have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"**Southern Union Company Entities**" means, collectively, Southern Union Company, a Delaware corporation, and its Affiliates.

"**Stated Maturity Date**" means (a) with respect to the Series A Notes, November 17, 2014 and (b) with respect to the Series B Notes, November 17, 2016.

"**Subsidiary**" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such Person (irrespective of whether at the time capital stock of any other class or classes of such Person shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"**Subsidiary Guaranty**" means each guaranty entered into, pursuant to Section 9(i), by a Subsidiary of the Company, substantially in form and substance reasonably acceptable to, and approved by, the Required Holders, guaranteeing the obligations of the Company and any other Subsidiary Guarantors under this Agreement and the Notes.

"**SVO**" means the Securities Valuation Office of the NAIC or any successor to such Office.

"**Term Advances**" has the meaning assigned to that term in Section 2.01(a) of the New Credit Facility.

"**USA Patriot Act**" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Voting Interests**" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"**Withdrawal Liability**" has the meaning specified in Section 4201(b) of ERISA.

SCHEDULE 5.5

FINANCIAL STATEMENTS

The firm selected to audit CCE Holdings following the closing of the acquisition of CrossCountry is currently reviewing the Company's implementation of FAS 142 "Goodwill and Other Intangible Assets" which was effective as of January 1, 2002. The auditor's review is focused on the amounts initially allocated to property plant and equipment ("PP&E") versus goodwill during the implementation of FAS 142. CCE Holdings understands that the auditor questions the accounting treatment and assignment of historical goodwill on the books and records of the Company. Additional historical information is currently being gathered and reviewed, however, the outcome is yet uncertain but may ultimately result in the restatement of the Company's audited financial statements ("Potential TWP Restatement") for the periods ended 2002 and 2003. It is expected that the restatement, if any, would reallocate amounts from goodwill to PP&E with related increases in annual depreciation and amortization ("D&A") as well as impacting certain deferred income tax accounts. The Potential TWP Restatement will also impact the Company's 2004 unaudited interim financial statements. The estimated potential impact of this restatement is to reduce retained earnings by approximately $12 million as of December 31, 2004, in order to reflect historical D&A for this reallocation, as well as to increase annual after-tax D&A by approximately $4 million. The final resolution of the potential restatement and estimated impact are subject to completion of audit procedures by CCE Holdings' auditor, and is expected to be complete within 75 days of CCE Holdings' closing of its acquisition of CrossCountry. As a result of the nature of the Potential TWP Restatement, neither historical nor projected cash flows are expected to be impacted.

SCHEDULE 5.8

LITIGATION

1. In Re Natural Gas Royalties Qui Tam Litigation previously known as Grynberg v. Enron, et al. (the Company, Florida Gas Transmission Company ("FGT") & Citrus Corp. ("Citrus")), U.S. District Court of Wyoming MDL Docket No. 1293 (CA. No. 99MD-1640 and 99MD1626). Qui tam action brought against numerous pipeline companies in America, including the Company, Citrus, FGT and Northern Border Pipeline, LLC and certain of their affiliates that have been consolidated in the U.S. District Court of Wyoming. Plaintiff alleges fraudulent practices in the measurement of gas and Btu content produced on federal lands resulting in lower royalties.

2. On August 1, 2002, the Federal Energy Regulatory Commission ("FERC") issued to the Company an order requiring the Company to explain why FERC should not find that: (1) the Company violated FERC's accounting regulations by failing to maintain written cash management agreements with Enron Corp.; and (2) the secured loan transactions entered into by the Company in November 2001 were imprudently incurred and why the costs arising from such transactions should be passed on to ratepayers. The Company filed a response to the order and subsequently entered into a settlement with FERC staff that resolved the issues raised by the order. FERC has approved this settlement; however, a group of the Company's customers filed a request for clarification and/or rehearing of FERC order approving the settlement. The Company has filed a response to the customer group's request for rehearing and/or clarification and this matter is currently awaiting FERC action.

The representation made in Section 5.8 of this Agreement is not qualified by reference to the other litigation described in Schedule 4.16 to the CrossCountry Acquisition Agreement, which the Company does not believe could be reasonably expected to result in a Material Adverse Effect.

EXISTING LIENS

1. Expiration of Permits – The following New Mexico State Highway Crossing Permits have expired. These permits are in the process of being renewed.
   a. 30" Loopline
      1. Chaves County – TW Tract No. M-1-L-H
      2. Lincoln County – TW Tract Nos. M-92-L-H and M-97-L-H
      3. Valencia County – TW Tract No. M-165-L-H
      4. Cibola County – TW Tract Nos. M-187-L-H.1, M-187-L-H.2, M-187-L-H.3, M-187-L-H.4, M-187-L-H.5 and M-193-L-H
   b. 24" West Texas Loop - Chaves County – TW Tract Nos. MTL-3-L-H, MTL-5-L-H, MTL-16B-L-H and MTL-66-L-H
   c. 36" West Texas Loop - Eddy County – TW Tract Nos. MTL-81-L-H, MTL-89-L-H and MTL-93-L-H
   d. 36" West Texas Loop - Lea County – TW Tract No. MTL-112-L-H
   e. 12" Atoka Artesia Lateral - Eddy County – TW Tract Nos. MTL-0001-L-10-HX.2 and MTL-0001-L-10-HX.3
   f. 16" Crawford Loop Lateral - Eddy County – TW Tract Nos. MTL-0002-L-20-HX and MTL-0002-L-21-HX.1
2. Rentals in arrears
   a. 16" Keystone Lateral
      1. Winkler County, Texas – TW Tract No. TL-0005-06-RRX.1. Rental last paid to Texas-New Mexico Railway Co. thru 1988 –Successor in title has never been identified despite attempts to do so.
      2. Winkler County, Texas – TW Tract No. TL-0005-06-RRX.2. Rental last paid to Texas-New Mexico Railway Co. thru 1988 –Successor in title has never been identified despite attempts to do so.
3. Right-of-Way Exceptions
   a. 30" Mainline
      1. TW Tract No. M-134A – SW/4 NW/4, Section 22, Township 2 North, Range 5 East, Torrance County, New Mexico. Pipeline traverses property for a distance of 1,548 feet or 0.293 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.
      2. TW Tract No. M-167A – Portion of Belen Grant, Valencia County, New Mexico. Pipeline traverses property for a distance of approximately 4,000 feet or 0.758 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.
      3. TW Tract No. M-236-R – Portion of S/2, Section 3, Township 13 North, Range 12 West, McKinley County, New Mexico. Pipeline traverses property for a distance of 2,878 feet or 0.545 miles. No Easement or permanent Right-of-Way file has been located. The owner in 1959 as reflected on alignment drawing was Electric Plains Railroad Spur; current owner(s) unknown.

b. 30" Loop of Mainline - TW Tract No. M-167A – Portion of Belen Grant, Valencia County, New Mexico. Pipeline traverses property for a distance of approximately 4,008 feet or 0.759 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.

4. Navajo Nation Allotment Renewal – As of January 1, 2004, the Company's Grant of Right-of-Way by the U.S. Department of Interior ("DOI"), Bureau of Indian Affairs ("BIA") for a total of approximately forty-four (44) miles of pipeline on a total of sixty-nine (69) Navajo allotments expired. These allotments are lands within the Navajo Nation reservation that are privately held but administered by the BIA. One allottee has made claims of trespass. The BIA sent a letter dated January 20, 2004, noting certain alleged deficiencies in the Company Application for a Grant of Right-of-Way to renew right-of-way on these allotments and requesting a revised appraisal based on pipeline corridor valuations. The Company has responded that this appraisal methodology is not appropriate.

5. Southern Ute Tribe – the Company received letters dated May 27, 2003 and September 2, 2003 from the law firm of Maynes, Bradford, Shipps & Sheftek, LLP, on behalf of the Southern Ute Tribe ("Tribe") alleging trespass by the Company. The letters referenced a May 19, 2003 resolution by the Tribal Council of the Tribe, which revokes a 1996 resolution that granted the Tribe's Consent to a Partial Assignment by Northwest Pipeline Company ("Northwest") to the Company of certain interests in a 1990 Grant of Easement and Right-of-Way, issued by the Secretary of the Interior through the BIA. An application by the Company for approval of the assignment of this interest from Northwest has been in the possession of the BIA since 1999 with no action taken. The total distance of the right-of-way is approximately 6.6 miles. There is an approximate 3,100-foot "gap" in the description of the right-of-way in the BIA grant. The right-of-way for these 6.6 miles expires in September 2005. In addition, an application is pending with the BIA to renew a meter site and a buried electric cable right-of-way for which the Tribe has previously consented and which consent has not been revoked. The original right-of-way for the buried cable expired on November 16, 2000. The original right-of-way for the meter site expired on February 21, 2001.

6. Laguna Pueblo Allotments – the Company received a letter dated March 19, 2003 from the DOI-BIA on behalf of two private allotments within the boundaries of the Laguna Pueblo, that the Company has been in trespass on these two allotments since December 28, 2002. The Company's right-of-way on these two allotments expired on December 28, 2002. The total distance of the right-of-way is about 5,100 feet.

7. Navajo Nation Tribal Lands Renewal – As of January 1, 2004, the Company's grant of right-of-way by the DOI-BIA for a total of approximately 14 acres of land near Thoreau, N.M. expired. The Company is conducting remediation activities on this site. An application for renewal of approximately 7 acres has been submitted.

8. Other mortgages, liens or other encumbrances may exist which have not been subordinated to the title of the Company. For example, the majority of the property rights that acquired for pipelines are in the nature of easements, and upon taking these easements the fee property may have already been subject to a variety of encumbrances such as a mortgage. The Company may have taken the easement subject to the mortgages and may have not subsequently obtain a subordination from the mortgage company.

9. La Plata Facilities Ownership and Operating Agreement dated November 3, 1995, between Northwest Pipeline Corporation ("Northwest") and the Company. Pursuant to this agreement, which governs the ownership and operation of certain pipeline and compression facilities jointly owned by Northwest and the Company, a party proposing to transfer its ownership interest in the facilities to a third party must give the other party notice of such proposed transfer and the opportunity to match the third-party offer and acquire the ownership interest on the terms set forth in such offer.

10. Construction and Ownership Agreement dated November 18, 1991, among Northwest, the Company and Gas Company of New Mexico ("GCNM"). Pursuant to this agreement, which governs the ownership and operation of certain facilities (commonly referred to as the "Blanco Hub" facilities) jointly owned by Northwest, the Company and GCNM, a party proposing to transfer its ownership interest in the facilities to a third party must give the other parties notice of such proposed transfer and the opportunity to match the third-party offer and acquire the ownership interest on the terms set forth in such offer.

SCHEDULE 5.11

LICENSES, PERMITS, ETC.

Transfer Group Companies

1. Pending Service Marks of Transfer Group Companies:

   - "CCO CrossCountry Going the Distance"
     Design and Word Mark
     Serial Number: 78260327
     Application Filed: June 10, 2003
   - "CCO"
     Word Mark
     Serial Number: 78260317
     Application Filed: June 10, 2003
   - "GOING THE DISTANCE"
     Word Mark
     Serial Number 78260307
     Application Filed: June 10, 2003
   - "CROSSCOUNTRY"
     Word mark
     Serial Number: 78260283
     Application Filed: June 10, 2003

Transwestern

2. Active Service Marks:

   - "TW" including a design
     Registration Number: 0734713
     Registered on: July 17, 1962

   Registration Renewed: March 25, 2003 for an additional ten (10) year period.

   - "TRANSWESTERN"
     Registration Number: 0750308
     Registered on: May 28, 1963

   Registration Renewed: June 16, 2003 for an additional ten (10) year period.

3. On August 12, 2003, a Massachusetts company called "The CrossCountry Group, LLC" sent a demand letter to CrossCountry and affiliates requesting that they cease using the CrossCountry name.

SCHEDULE 5.15

EXISTING INDEBTEDNESS

The Company is obligated to make certain loan principal and interest payments pursuant to the Credit Agreement, dated as of May 3, 2004 (the "Transwestern Credit Agreement"), among the Company, as Borrower, the Initial Lenders and Initial Issuing Bank named therein, as Initial Lenders and Initial Issuing Bank, Wachovia Bank, National Association, as Administrative Agent and Collateral Agent, Suntrust Bank, as Syndication Agent, and Bank One, N.A., Citicorp USA, Inc. and Union Bank of California, N.A., as Joint Documentation Agents.

SCHEDULE 9(g)

EXCEPTIONS TO TRANSACTION WITH AFFILIATES

1. Administrative Services Agreement dated November 5, 2004 between CCE Holdings and SU Pipeline Management LP

2. The Company entered into a Cross License Agreement, dated as of March 31, 2004, by and among the Company, Enron Corp., Northern Border Intermediate Limited Partnership, FGT, Northern Border Pipeline, LLC, Enron Operations Services, LLC and Northern Plains Natural Gas Company, LLC.

EXHIBIT 1(a)

This Note HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE *"SECURITIES ACT")*, OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS NOTE MAY NOT BE ALTERED, SOLD OR OTHERWISE TRANSFERRED (1) EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

TRANSWESTERN PIPELINE COMPANY, LLC
5.39% Senior Unsecured Note due November 17, 2014

No. __ November 17, 2004
$ _____ PPN 89407# AA 6

FOR VALUE RECEIVED, the undersigned, TRANSWESTERN PIPELINE COMPANY, LLC (herein called the *"Company")*, a Delaware limited liability company, hereby promises to pay to [ ] or registered assigns, the principal sum of [DOLLARS (or so much thereof as shall not have been prepaid) on November 17, 2014 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.39% per annum from the date hereof, payable semi-annually, on the seventeenth day of May and on the seventeenth day of November in each year, commencing with the May next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at a rate per annum from time to time equal to the greater of (i) 7.39% or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank from time to time in New York, New York as its "base" or "prime" rate, on any overdue payment of interest and, during the continuance of an Event of Default, on the unpaid balance hereof and on any overdue payment of any Make-Whole Amount, payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand).

Subject to the home office payment obligation contained in Section 14.2 of the Note Purchase Agreement referred to below, payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at such place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of the Senior Unsecured Notes (herein called the *"Notes")* issued pursuant to the Note Purchase Agreement, dated as of November 17, 2004 (as from time to time amended, supplemented or modified, the *"Note Purchase Agreement")*, between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment and offers of prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and holder hereof shall be governed by, and construed in accordance with, the law of the State of New York.

TRANSWESTERN PIPELINE
COMPANY, LLC

By: _____
Name: Richard N. Marshall
Title: Vice President and Treasurer

EXHIBIT **1(b)**

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED (1) EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

TRANSWESTERN PIPELINE COMPANY, LLC

5.54% Senior Unsecured Note due November 17, 2016

No. [ ] November 17, 2004

$[ ] PPN 89407# AB 4

FOR VALUE RECEIVED, the undersigned, TRANSWESTERN PIPELINE COMPANY, LLC (herein called the "Company"), a Delaware limited liability company, hereby promises to pay to [ ] or registered assigns, the principal sum of [ ] DOLLARS (or so much thereof as shall not have been prepaid) on November 17, 2016 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.54% per annum from the date hereof, payable semi-annually, on the seventeenth day of May and on the seventeenth day of November in each year, commencing with the May next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at a rate per annum from time to time equal to the greater of (1) 7.54% or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank from time to time in New York, New York as its "base" or "prime" rate, on any overdue payment of interest and, during the continuance of an Event of Default, on the unpaid balance hereof and on any overdue payment of any Make-Whole Amount, payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand).

Subject to the home office payment obligation contained in Section 14.2 of the Note Purchase Agreement referred to below, payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at such place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of the Senior Unsecured Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of November 17, 2004 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment and offers of prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and holder hereof shall be governed by, and construed in accordance with, the law of the State of New York.

TRANSWESTERN PIPELINE
COMPANY, LLC

By: _____
Name: Richard N. Marshall
Title: Vice President and Treasurer

EXHIBIT 4.4(a)

Form of Opinion of Special Counsel for the Company

November 17, 2004

To the Purchasers listed on
Schedule I hereto (the "Purchasers")

Ladies and Gentlemen:

We have acted as counsel to Transwestern Pipeline Company, LLC, a Delaware limited liability company (the "Company"), in connection with the purchase by the Purchasers of $250,000,000 aggregate principal amount of 5.39% Senior Unsecured Notes due November 17, 2014 and $250,000,000 aggregate principal amount of 5.54% Senior Unsecured Notes due November 17, 2016 (collectively, the "Notes") issued by the Company, pursuant to the Note Purchase Agreement dated November 17, 2004 (the "Note Purchase Agreement") among the Company and the Purchasers.

We have examined the Note Purchase Agreement and the Notes. In addition, we have examined, and have relied as to matters of fact upon, the documents delivered to you at the closing, and upon originals, or duplicates or certified or conformed copies of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company and have made such other investigations, as we have deemed relevant and necessary in connection with the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. As to questions of fact material to this opinion, we have relied upon certificates of public officials and of officers and representatives of the Company. In addition, we have relied as to certain matters of fact upon the representations made in the Note Purchase Agreement and the Notes.

Based upon and subject to the foregoing, and subject to the qualifications and limitations set forth herein, we are of the opinion that:

1. The Company (a) is validly existing and in good standing as a limited liability company under the law of the State of Delaware, (b) has the limited liability company power and authority to execute and deliver the Note Purchase Agreement and the Notes and perform its obligations thereunder and (c) has duly authorized, executed and delivered the Note Purchase Agreement and the Notes.

2. The issue and sale of the Notes by the Company and the execution and delivery by the Company of the Note Purchase Agreement (a) will not result in any violation of (1) the Certificate of Formation or the Limited Liability Company Agreement of the Company (2) assuming that proceeds of the issuance of the Notes will be used in accordance with the terms of the Note Purchase Agreement, any Federal or New York statute or the Delaware Limited Liability Company Act or any rule or regulation issued pursuant to any New York or Federal statute or the Delaware Limited Liability Company Act or any order known to us issued by any court or governmental agency or body, except that it is understood that no opinion is given in this paragraph 2 with respect to any Federal or state securities law or any rule or regulation issued pursuant to any Federal or state securities law, and (b) will not breach or result in a default under or result in the creation of any lien upon or security interest in the Company's properties pursuant to the terms of any agreement or instrument identified on Schedule II hereto.

3. No consent, approval, authorization, order, filing registration or qualification of or with any Federal or New York governmental agency or body or any Delaware governmental agency or body acting pursuant to the Delaware Limited Liability Company Act is required for the execution and delivery by the Company of the Note Purchase Agreement and the issue and sale of the Notes by the Company, except that it is understood that no opinion is given in this paragraph 3 with respect to any Federal or state securities law or any rule or regulation issued pursuant to any Federal or state securities law.

4. No registration under the Securities Act of 1933, as amended, of the Notes and no qualification of the Note Purchase Agreement under the Trust Indenture Act of 1939, as amended, is required for the initial offer and sale of the Notes by the Company to the Purchasers solely in the manner contemplated by the Note Purchase Agreement.

5. Assuming that the Note Purchase Agreement is a valid and legally binding obligation of the Purchasers, the Note Purchase Agreement constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms.

6. Upon payment and delivery in accordance with the Note Purchase Agreement, the Notes will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms.

7. The Company is not an "investment company" within the meaning of and subject to regulation under the Investment Company Act of 1940, as amended or, after giving effect to the acquisition of CrossCountry Energy, LLC by CCE Holdings, LLC in accordance with the CrossCountry Acquisition Agreement (as defined in the Note Purchase Agreement), a "holding company," or a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

8. Assuming that the Company will comply with the provisions of the Note Purchase Agreement relating to the use of proceeds, the execution and delivery of the Note Purchase Agreement and issuance of the Notes by the Company will not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

Our opinions set forth in paragraphs 5 and 6 above are subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.

We express no opinion and render no advice with respect to:

(i) any matters subject to the Natural Gas Act of 1938, as amended, and the rules and regulations promulgated and orders issued thereunder or any other federal laws applicable to the construction, operation, maintenance or use of natural gas pipelines or any action, suit or proceedings under any such laws;

(ii) any prohibited transaction as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the United States Internal Revenue Code of 1986, as amended, or violation of Part 4 of Title I of ERISA or any rule or regulation issued pursuant thereto;

(iii) the effect of any provision of the Note Purchase Agreement which is intended to permit modification thereof only by means of an agreement in writing signed by the parties thereto;

(iv) the effect of any provision of the Note Purchase Agreement imposing penalties or forfeitures; and

(v) the enforceability of any provision of any of the Note Purchase Agreement to the extent that such provision constitutes a waiver of illegality as a defense to performance of contract obligations.

In connection with the provisions of the Note Purchase Agreement whereby the parties submit to the jurisdiction of the courts of the United States of America located in the Borough of Manhattan, The City of New York, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on subject matter jurisdiction of the Federal courts. In connection with the provisions of the Note Purchase Agreement which relate to forum selection (including, without limitation, any waiver of any objection to venue or any objection that a court is an inconvenient forum), we note that under NYCPLR § 510 a New York State court may have discretion to transfer the place of trial, and under 28 U.S.C. § 1404(a) a United States District Court has discretion to transfer an action from one Federal court to another.

We do not express any opinion herein concerning any law other than the law of the State of New York, the Federal law of the United States and the Delaware Limited Liability Company Act.

This opinion letter is rendered to you in connection with the above-described transactions. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent, except that this opinion may be furnished by you to, but not relied upon by, the National Association of Insurance Commissioners.

EXHIBIT 4.4(b)

Form of Opinion of General Counsel to the Company

November 17, 2004

To the Purchasers listed on Schedule I
hereto (the "Purchasers")

RE: Purchase of $250,000,000 aggregate principal amount of 5.39% Senior Unsecured Notes due November 17, 2014 and $250,000,000 aggregate principal amount of 5.54% Senior Unsecured Notes due November 17, 2016 (collectively, the "Notes") pursuant to the Note Purchase Agreement dated as of November 17, 2004, among Transwestern Pipeline Company, LLC, a Delaware limited liability company (the "Company"), and the Purchasers (the "Note Purchase Agreement").

Ladies and Gentlemen:

As Senior Vice President and General Counsel of CrossCountry Energy, LLC, a Delaware limited liability company ("CrossCountry"), I am familiar with the Note Purchase Agreement. Capitalized terms used herein which are defined in the Note Purchase Agreement are used herein as therein defined. This opinion is being rendered to you pursuant to the requirements of Section 4.4 of the Note Purchase Agreement.

Before rendering the opinions hereinafter set forth, I (or other attorneys working under my direction) examined the Note Purchase Agreement and the Notes, and relied upon original or photostatic or certified copies of such corporate records, certificates of officers of the Company (an Affiliate of CrossCountry) and of public officials, and such agreements, documents, court orders and instruments as I (or such other attorneys) have deemed relevant and necessary as the basis for the opinions hereinafter expressed. In such examination, I (or such other attorneys) assumed the genuineness of all signatures (other than signatures of officers of the Company on the Note Purchase Agreement and the Notes), the authenticity of all documents submitted to me or such other attorneys as originals and the conformity to authentic original documents of all documents submitted to me or such other attorneys as photostatic or certified copies. Based on and subject to the foregoing, and subject also to the assumptions, qualifications and explanations set forth herein, I am of the opinion that:

1. The Company is duly formed, validly existing and in good standing under the laws of the State of Delaware and has all limited liability company powers and all governmental licenses, authorizations, consents, and approvals required (a) to carry on its business as now conducted, except to the extent failure to obtain such licenses, authorizations, consents, or approvals would not materially adversely affect the Company and its Subsidiaries taken as a whole, and (b) to execute and deliver the Note Purchase Agreement and the Notes and perform its obligations thereunder.

2. The execution and delivery by the Company of the Note Purchase Agreement and the Notes and the performance of its obligations thereunder are within its limited liability company powers. The Note Purchase Agreement and the Notes have been duly authorized by all necessary limited liability company action of the Company, and have been duly executed and delivered by the Company.

3. The issue and sale of the Notes by the Company and the execution, delivery and performance by the Company of the Note Purchase Agreement, and the consummation by the Company of the transactions evidenced thereby do not contravene, conflict with, violate or result in a breach or default by the Company under (i) the Company's limited liability company agreement, each as amended, (ii) any material judgment, injunction, order or decree binding upon the Company, or (iii) any contractual or legal restriction contained in any indenture, loan or credit agreement, mortgage, security agreement, bond or note, or guaranties of any such obligations or any other material agreement, in each case known to me and to which the Company is a party. The issue and sale of the Notes and the execution, delivery and performance by the Company of the Note Purchase Agreement do not violate any Applicable Laws (as hereafter defined) that are applicable to the Company. The issue and sale of the Notes and the execution, delivery and performance by the Company of the Note Purchase Agreement will not result in the creation or imposition of any lien, security interest, or other charge or encumbrance on any asset of the Company.

4. There is no action, suit or any other proceeding pending or to my knowledge threatened against the Company in which the Company is a party, or to which its property is subject, which might reasonably be expected to materially and adversely affect (i) the business, consolidated financial position or consolidated results of operations of the Company and its subsidiaries taken as a whole, or (ii) the ability of the Company to perform its obligations under the Note Purchase Agreement and the Notes.

The opinions set forth above are subject in all respects to the following qualifications:

(a) In rendering the opinion expressed in paragraph 3 above, neither I nor any other attorney in the Company's legal department have made any examination of any accounting or financial matters related to certain of the covenants contained in certain documents to which the Company may be subject, and I express no opinion with respect thereto.

(b) In rendering the opinion expressed in paragraph 4 above, I (or other attorneys working under my direction) have only reviewed the files and records of the Company, and I (or such other attorneys) have consulted with such senior officers thereof as I (or such other attorneys) have reasonably deemed necessary.

(c) The opinions expressed herein are as of the date hereof only, and I assume no obligation to update or supplement such opinions to reflect any fact or circumstances that may hereafter come to my attention or any changes in law that may hereafter occur or become effective.

(d) I am a member of the Bar of the District of Columbia. This opinion relates solely to matters of the Applicable Laws of the United States, the Delaware General Corporation Law, the Delaware Limited Liability Company Act and certain specified laws of the United States, to the extent specified herein.

(e) For purposes of my opinion, "Applicable Laws" means the Delaware General Corporation Law, the Delaware Limited Liability Company Act, and those laws, rules and regulations of the United States of America and the rules and regulations adopted thereunder, which, in my experience, are normally applicable to entities such as the Company and transactions of the type contemplated by the Note Purchase Agreement, without my having made any special investigation as to the applicability of any specific law, rule or regulation, and which are not the subject of a specific opinion herein referring to a particular law or laws. Furthermore, the term "Applicable Laws" does not include, and I express no opinion with regard to: (i) ERISA, as amended, and (ii) the Foreign Corrupt Practices Act.

This opinion is solely for the benefit of the Purchasers, their respective successors and assigns pursuant to the Note Purchase Agreement and their respective legal counsel and may not be relied upon in connection with any other transaction or by any other Person, except that this opinion may be furnished by you to, but not relied upon by, the National Association of Insurance Commissioners.

Very truly yours,

Exhibit 10.2

PURCHASE AND SALE AGREEMENT

AMONG

HPL STORAGE LP, AND

AEP ENERGY SERVICES GAS HOLDING COMPANY II, L.L.C.

AS SELLERS

AND

LA GRANGE ACQUISITION, L.P.,

AS BUYER

DATED AS OF JANUARY 26, 2005

PURCHASE AND SALE AGREEMENT

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PURCHASE AND SALE AGREEMENT

This **Purchase and Sale Agreement** (the "Agreement") is made to be effective as of January 26, 2005 among **HPL Storage LP**, a Delaware limited partnership ("Storage LP"), **AEP Energy Services Gas Holding Company II, L.L.C.**, a Delaware limited liability company ("AEP Gas Holding II", and together with Storage LP, individually, a "Seller" and collectively, "Sellers"), and **La Grange Acquisition, L.P.**, a Texas limited partnership ("Buyer"), as follows:

RECITALS

A. Sellers own all of the outstanding partner interests in HPL Consolidation LP, a Delaware limited partnership ("HPL Consolidation")]. HPL Consolidation owns all of the outstanding member interests in each of HPL Storage GP LLC, a Delaware limited liability company ("Storage GP") and HPL GP, LLC, a Delaware limited liability company ("HPL GP"). HPL Consolidation, Storage GP, and HPL GP own all of the outstanding partner interests in each of AEP Asset Holdings LP, a Delaware limited partnership ("Storage Holdings"), AEP Leaseco LP, a Delaware limited partnership ("Storage Leaseco"), Houston Pipe Line Company LP, a Delaware limited partnership ("HPL Company LP"), HPL Resources Company LP, a Delaware limited partnership ("HPL Resources"), and AEP Gas Marketing LP, a Delaware limited partnership ("Gas Marketing"). HPL Consolidation, Storage GP, HPL GP, Storage Holdings, Storage Leaseco, HPL Company LP, HPL Resources, and Gas Marketing are herein referred to collectively as the "HPL Entities", or separately as "HPL Entity".

B. The HPL Entities are engaged, through themselves and the HPL Entity Subsidiaries, in the gathering, transportation, purchase, sale, and storage of natural gas within the State of Texas (the "Business").

C. Sellers desire to sell and Buyer desires to buy, on the terms and conditions herein set forth, all of the general partner interests in HPL Consolidation and all of the limited partner interests in HPL Consolidation, with the exception of a 2% limited partner interest in HPL Consolidation to be retained by Storage LP.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the representations, warranties, and covenants contained herein and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. RULES OF CONSTRUCTION; DEFINITIONS

1.1. Definitions.

As used in this Agreement, terms defined in Exhibit 1.1 hereto have the meanings set forth therein or, to the extent they are accounting terms, they will have the meanings set forth in GAAP.

1.2. Rules of Construction.

Unless the context of this Agreement requires otherwise, the plural includes the singular, the singular includes the plural, and "including" has the inclusive meaning of "including without limitation." The words "hereof," "herein," "hereby," "hereunder" and other similar terms of this Agreement refer to this Agreement as a whole and not exclusively to any particular provision of this Agreement. All pronouns and any variations thereof will be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require. Unless otherwise expressly provided, any agreement, instrument or Applicable Law defined or referred to herein means such agreement or instrument or Applicable Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Applicable Law) by succession of comparable successor law and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein.

2. PURCHASE AND SALE; CONSIDERATION; CLOSING

2.1. Purchase and Sale of the Purchased Interests.

Upon the terms and subject to the conditions set forth in this Agreement, at the Closing on the Closing Date, Buyer agrees to purchase from Sellers, respectively, and Sellers hereby agree to sell, transfer and assign to Buyer, free of any and all Encumbrances other than Permitted Encumbrances, a 1% general partner interest and a 97% limited partner interest in HPL Consolidation (the "Purchased Interests").

Immediately after the consummation of the purchase and sale contemplated hereby, Storage LP will continue to own a 2% limited partner interest in HPL Consolidation, such retained interest being referred to herein as the "Retained Interest". Buyer has no rights in or with respect to the Retained Interest.

2.2. Consideration.

2.2.1. Purchase Price. The consideration for the Purchased Interests (the "Purchase Price") will be:

(a) $825,000,000; plus

(b) the Net Working Capital Payment determined pursuant to Section 2.2.3 hereof; plus

(c) the Inventory Payment determined pursuant to Section 2.2.4 hereof.

The Purchase Price will be allocated between the Sellers in the following proportion:

Seller	Allocation
Storage LP	37%
AEP Gas Holding II	63%

2.2.2. Closing Payment. In accordance with Section 2.4.2(a), at the Closing, Buyer will tender to Sellers or their designee the portion of the Purchase Price described in Section 2.2.1(a) hereof, plus the Initial Net Working Capital Payment pursuant to Section 2.2.3 hereof, plus the Initial Inventory Payment pursuant to Section 2.2.4 hereof (collectively, the "Closing Payment"). The amount of the Closing Payment will be reduced by $760,552 to reflect interest from the receipt of funds by the Sellers to the Valuation Time.

2.2.3. Net Working Capital Payment. The "Net Working Capital Payment" will be equal to the net aggregate of the Initial Net Working Capital Payment and the Net Working Capital Adjustment, which in the aggregate are intended to reflect the positive or negative Net Working Capital as of the Valuation Time. The Net Working Capital Payment will be computed and paid as follows:

(a) At the Closing, Buyer will pay (or receive as a credit against the other elements of the Closing Payment) as part of the Net Working Capital Payment, an amount (the "Initial Net Working Capital Payment") equal to Sellers' good faith estimate of the aggregate Net Working Capital of the HPL Entities expected as of the Valuation Time determined in accordance with Exhibit 2.2.3. Such estimate will be based on pro forma balance sheets of the HPL Entities as of the Valuation Time, to be prepared by Sellers in accordance with GAAP and in consultation with Buyer, in the same format and level of detail as the Final Balance Sheet, and to be delivered to Buyer no later than 2 Business Days before the scheduled Closing Date.

(b) Within 90 days following the Closing Date, Buyer will prepare and deliver to Sellers (i) unaudited balance sheets of each of the HPL Entities as of the Valuation Time (each a "Final Balance Sheet"), prepared in accordance with GAAP consistently applied, and (ii) a detailed computation of the Net Working Capital of each of the HPL Entities as of the Valuation Time, reconciled to those balance sheets and (iii) a computation of the amount, if any, (the "Net Working Capital Adjustment") by which the aggregate

Net Working Capital of the HPL Entities as of the Valuation Time, as so computed, exceeds or is less than the Initial Net Working Capital Payment. Sellers will provide Buyer and its representatives and advisors (and if appropriate, the Independent Accounting Firm), at no expense to Buyer, with all accounting services, assistance, and access to data during normal business hours to the working papers, accounting, operating, and other books and records of Sellers, and the appropriate personnel to the extent required to complete the preparation of the Final Balance Sheets and the related computations, and any deadline imposed by this Agreement on Buyer for the computation or payment of the Net Working Capital Adjustment will be extended as appropriate in light of any party's failure to promptly make such information available. Pursuant to the Transition Services Agreement, Sellers shall also ensure that the employees of Sellers (to the extent they continue to be employed by Sellers or any Affiliate of Sellers) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. Buyer shall also ensure that the employees of Sellers (to the extent they continue to be employed by Sellers or any Affiliate of Sellers and made available under the Transition Services Agreement) and the Transferred Employees (to the extent they continue to be employed by Buyer or any Affiliate of Buyer) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. However, if Sellers have failed to assist and provide reasonable access to data as required for Buyer to complete the preparation of the Final Balance Sheets and the related computations, Buyer must notify Sellers of such failure on or before the 90th day following the Closing Date specifying in detail the documents that Buyer requires, and Buyer will have an additional 90 days after receipt to complete the preparation of the Final Balance Sheets and the related computations. If Sellers do not dispute the Final Balance Sheets or the related computations in accordance with the next following sentence, the Net Working Capital Adjustment as computed by Buyer will be final and binding as between the parties hereto. If Sellers wish to dispute the Final Balance Sheets or the related computations, it may do so, within 30 days (or such longer period as the parties hereto may agree in writing) after the submission of the Final Balance Sheets, by notifying Buyer in writing of any disputed items in the Net Working Capital Adjustment. Sellers and Buyer shall, over

the 20 days following the date of such notice (the "Resolution Period"), attempt to resolve their differences and any written resolution by them as to any disputed item shall be final and binding for all purposes of this Agreement. If at the conclusion of the Resolution Period, Sellers and Buyer have not reached an agreement on the disputed items, then all items remaining in dispute shall be submitted by Sellers and Buyer to the Independent Accounting Firm. The Independent Accounting Firm shall act as an arbitrator to determine only those items still in dispute at the end of the Resolution Period. In making its decision, the arbitrator must render a decision on each disputed item that adopts the position of one of the parties on that item and may not decide on any other amount for that item. The parties shall instruct the Independent Accounting Firm to render its reasoned written decision as soon as practicable but in no event later than 60 days after its engagement (which engagement shall be made no later than 10 Business Days after the end of the Resolution Period). Such decision shall be set forth in a written statement delivered to Sellers and Buyer and shall be final and, binding for all purposes of this Agreement, and judgment may be entered thereon. The fees and expenses of the Independent Accounting Firm will be paid one-half by Sellers and one-half by Buyer.

(c) Within 30 days of receipt by Sellers of the Final Balance Sheets and related computations described in Section 2.2.3(b) hereof from Buyer (or, if Sellers dispute the same, then within 10 days of the parties' resolution of any disputed items or receipt of the Independent Accounting Firm's decision on any disputed items) Buyer will pay to Sellers or their designee an amount equal to any positive Net Working Capital Adjustment, or Sellers will pay to pay to Buyer an amount equal to any negative Net Working Capital Adjustment, in either such case by wire transfer and with interest thereon at the Borrowing Rate from the Closing Date to the date of payment.

(d) Notwithstanding any other provisions of this Agreement, no later than November 30 of the year in which the Closing occurs, Buyer will provide to Sellers a detailed schedule of property taxes for the HPL Companies for the calendar year in which the Closing occurs. Included with the schedule will be copies of each Tax statement and/or bill. The schedule will detail the allocation of property taxes to Sellers in accordance with the computation of Net Working Capital. In the event the amount of the allocation of property taxes to Sellers exceeds the amount of property taxes allocated to Sellers as computed for the Net Working Capital Adjustment computed pursuant to Section 2.2.3(b) of this Agreement, Sellers will pay the excess to Buyer within 20

Business Days. If the amount allocated to Sellers is less than the amount as computed for the Net Working Capital Adjustment pursuant to Section 2.2.3(b) of this Agreement, Buyer will pay to Sellers the deficit within 20 Business Days. Payments made pursuant to this Section are subject to the provisions of Section 7.5 of this Agreement. In the event of a dispute over the allocation of property taxes under this Section 2.2.3(d), Buyer and Sellers shall use the dispute resolution procedures set forth in Section 2.2.3(b) of this Agreement to resolve such dispute.

2.2.4. Inventory Payment. The "Inventory Payment" will be equal to the net aggregate of the Initial Inventory Payment and the Final Inventory Payment Adjustment, which in the aggregate are intended to reflect the value of the Gas Inventory as of the Valuation Time. The Inventory Payment will be computed and paid as follows:

(a) At the Closing, Buyer will pay, as part of the Inventory Payment, the amount of $174,751,900 (the "Initial Inventory Payment"), based on Sellers' good faith estimate of a Gas Inventory of 31,200,000 MMBtus based on the regularly maintained perpetual gas inventory records of the HPL Entities.

(b) Within 15 days following the Valuation Time, Buyer shall provide to Sellers a revised estimate of the Gas Inventory based on the perpetual gas inventory records in MMBtus as of the Valuation Time (the "Valuation Time Estimate"). The "Valuation Time Adjustment Amount" shall be the number of MMBtus determined by subtracting 31,200,000 MMBtus from the Valuation Time Estimate. In the event the Valuation Time Adjustment Amount is a positive number, Buyer shall pay to Sellers, or Sellers' designee, within 15 days of receipt of an invoice, an amount equal to the Valuation Time Adjustment Amount multiplied by $5.601. In the event the Valuation Time Adjustment Amount is a negative number, Sellers shall pay to Buyer, or Buyer's Designee, within 15 days of receipt of an invoice, an amount equal to the Valuation Time Adjustment Amount multiplied by $5.601 plus $0.40 per MMBtu. Any payment under this Section 2.2.4(b) shall be made by wire transfer and is the "Valuation Time Adjustment".

(c) No later than 90 days following the Closing Date, Buyer may deliver written notice (the "Inventory Verification Notice") to Sellers advising them whether or not it has elected to undertake a verification of the actual storage inventory contained in the Bammel Facilities. Any election by Buyer to undertake (or not undertake) such verification shall be final and irrevocable in all respects. In the event Buyer timely delivers an Inventory Verification Notice advising Sellers that it has elected to

undertake such a verification, Buyer and Sellers shall engage Wells Chappell & Company, Inc. ("Wells") to perform such verification in accordance with the procedures and methods set forth on Exhibit 2.2.4 (with all fees and expenses of Wells to be borne 1/ 2 by Buyer and 1/2 by Sellers). Buyer and Sellers shall instruct Wells to complete its physical verification testing of the actual storage volume of the Bammel Facilities no later than 120 days after the Closing Date (and shall each use their reasonable best efforts to ensure that such testing is completed by Wells no later than 120 days after the Closing Date), and to deliver to each of them no later than 30 days after its completion a copy of its verification of the actual storage volume of the Bammel Facilities and any supporting documentation therefor, and any deadline imposed by this Agreement on Buyer or Sellers which is contingent upon Wells' verification of the actual storage volume of the Bammel Facilities will be extended as appropriate in light of any failure by Wells to promptly complete and deliver its verification of the actual storage volume of the Bammel Facilities and any supporting documentation therefor. Based upon the results of this verification, Buyer shall (i) recompute in accordance with Exhibit 2.2.4 that portion of the amount of the Gas Inventory as of the Valuation Time that was stored in the Bammel Facilities (as so recomputed, the "Recomputed Bammel Inventory") and (ii) deliver to Sellers a statement thereof ("Buyer's Statement of Recomputed Bammel Inventory") no later than 180 days following the Closing Date. However, if Wells has failed to promptly complete and deliver its verification of the actual storage volume of the Bammel Facilities and any supporting documentation therefor, Buyer must notify Sellers of such failure on or before the 150th day following the Closing Date, and Buyer will have an additional 30 days after receipt of the verification of the actual storage volume of the Bammel Facilities and any supporting documentation therefor from Wells to complete the Recomputed Bammel Inventory and Buyer's Statement of Recomputed Bammel Inventory. In the event (A) Buyer does not timely deliver to Sellers the Inventory Verification Notice, (B) Buyer does not deliver to Sellers Buyer's Statement of Recomputed Bammel Inventory on or prior to 180 days following the Closing Date (or if Wells has failed to promptly complete and deliver its verification of the actual storage volume of the Bammel Facilities and any supporting documentation therefor, on or prior to 30 days after receipt of such verification), (C) Buyer timely delivers an Inventory Verification Notice stating that it shall not cause a verification of the actual storage volume of the Bammel Facilities to be undertaken, or (D) the amount of Recomputed Bammel Inventory set forth on Buyer's Statement of Recomputed Bammel Inventory is not more than 1.03, and not less than 0.97, times that portion of

the Gas Inventory as of the Valuation Time that was stored in the Bammel Facilities according to the most current perpetual gas inventory records (the events referred to in the immediately preceding clauses (A) through (D) inclusive each being referred to as a "Inventory Finalization Event"), Buyer shall have no right to thereafter conduct a verification of the actual storage inventory contained in the Bammel Facilities for purposes of any adjustment pursuant to this Agreement. If Buyer provides to Sellers a timely Buyer's Statement of Recomputed Bammel Inventory which indicates that the Recomputed Bammel Inventory is more than 1.03, or less than 0.97, times that portion of the Gas Inventory as of the Valuation Time that was stored in the Bammel Facilities according to the most current perpetual gas inventory records (such event being referred to herein as a "Bammel Inventory Recomputation Event"), then subject to the provisions of Section 2.2.4(d) hereof the Recomputed Bammel Inventory will be used for all purposes of Section 2.2.4(e) hereof as the final actual storage inventory of the Bammel Facilities as of the Valuation Time.

(d) The provisions of this Section 2.2.4(d) shall apply only if a Bammel Inventory Recomputation Event occurs. After receipt of Buyer's Statement of Recomputed Bammel Inventory, Sellers shall have 30 days to review and dispute Buyer's Statement of Recomputed Bammel Inventory (which dispute may not include any challenge to or disagreement with the results reported by Wells of its verification of the actual storage volume of the Bammel Facilities), and for this purpose will have the right to review, copy, abstract, and audit all relevant meter data and other relevant information held by or available to the HPL Entities for the period from the Valuation Time through the date as of which the Recomputed Bammel Inventory was determined by Wells. Buyer will provide Sellers and their representatives and advisors, at no expense to Sellers, with all accounting services, assistance, and access to data during normal business hours to the working papers, accounting, operating, and other books and records of the HPL Entities, and the appropriate personnel to the extent required to review and audit the Recomputed Bammel Inventory, and any deadline imposed by this Agreement on Sellers for the completion of that review and audit will be extended as appropriate in light of Buyer's or its Affiliates' failure to promptly make such information available. Pursuant to the Transition Services Agreement, Buyer shall also ensure that the employees of Sellers (to the extent they continue to be employed by Sellers or any Affiliate of Sellers and made available under the Transition Services Agreement) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the

assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. Buyer shall also ensure that the Transferred Employees (to the extent they continue to be employed by Buyer or any Affiliate of Buyer) previously involved with the foregoing accounting and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. However, if Buyer has failed to assist and provide reasonable access to data as required for Sellers to complete their review, Sellers must notify Buyer of such failure on or before the 30th day after receipt of Buyer's Statement of Recomputed Bammel Inventory specifying in detail the documents that Sellers require, and Sellers will have an additional 90 days after receipt to review Buyer's Statement of Recomputed Bammel Inventory and notify Buyer of a dispute. On or prior to the 30th day after receipt of Buyer's Statement of Recomputed Bammel Inventory and supporting documentation (including access to and audit of such data and information), Sellers shall deliver written notice to Buyer, specifying in detail any disputed items and the basis therefor. If Sellers fail to so notify Buyer of any such disputes or failures on or prior to the 30th day after receipt of Buyer's Statement of Recomputed Bammel Inventory, the calculations set forth on Buyer's Statement of Recomputed Bammel Inventory will be used for all purposes of Section 2.2.4(e) hereof as the final actual storage inventory of the Bammel Facilities as of the Valuation Time. If Sellers so notify Buyer of any disputed items on Buyer's Statement of Recomputed Bammel Inventory, Buyer and Sellers shall, over the 20 days following the date of such notice (the "Resolution Period"), attempt to resolve their differences and any written resolution by them as to any disputed item shall be final and binding for all purposes of Section 2.2.4(e) hereof as the final actual storage inventory of the Bammel Facilities as of the Valuation Time. If at the conclusion of the Resolution Period, Sellers, on the one hand, and Buyer, on the other, have not reached an agreement on the disputed items, then all items remaining in dispute shall be submitted by Sellers and Buyer to the Independent Accounting Firm. The Independent Accounting Firm shall act as an arbitrator to determine only those items still in dispute at the end of the Resolution Period. In making its decision, the arbitrator must render a decision on each disputed item that adopts the position of one of the parties on that item and may not decide on any other amount for that item. The parties shall instruct the Independent Accounting Firm to render its reasoned written decision as soon as practicable but in no event later than 60 days after its engagement (which engagement shall

be made no later than 10 Business Days after the end of the Resolution Period). Such decision shall be set forth in a written statement delivered to Sellers and Buyer and shall be final and binding on the parties hereto for all purposes of Section 2.2.4(e) hereof as the final actual storage inventory of the Bammel Facilities as of the Valuation Time. The fees and expenses of the Independent Accounting Firm will be paid one-half by Sellers and one-half by Buyer.

(e) Within 90 days following the Closing Date (or, if there has been a Bammel Inventory Recomputation Event, then within 30 days following the determination under Sections 2.2.4(c) and/or 2.2.4(d) of the final actual storage inventory of the Bammel Facilities as of the Valuation Time), Buyer will prepare and deliver to Sellers (i) a computation of the Gas Inventory as of the Valuation Time, taking into account any final actual storage inventory of the Bammel Facilities as of the Valuation Time determined under Sections 2.2.4(c) and/or 2.2.4(d) (it being understood that, except in the event of a failure by Wells to promptly complete and deliver its verification of the actual storage volume of the Bammel Facilities and any supporting documentation therefor, unless the procedures and time limits for the determination of the actual storage inventory under Sections 2.2.4(c) and/or 2.2.4(d) are fully complied with, no results of any physical storage inventory will be used for purposes of this Section 2.2.4(e), and (ii) a computation of the Final Inventory Payment Adjustment. Sellers will provide Buyer and its representatives and advisors (and if appropriate, the Independent Accounting Firm), at no expense to Buyer, with all accounting services, assistance, and access to data during normal business hours to the working papers, accounting, operating, and other books and records of Sellers, and the appropriate personnel to the extent required to complete the computation of the Gas Inventory and the Final Inventory Payment Adjustment, and any deadline imposed by this Agreement on Buyer for the computation or payment of the Final Inventory Payment Adjustment will be extended as appropriate in light of Sellers' or their Affiliates' failure to promptly make such information available. Pursuant to the Transition Services Agreement, Buyer shall also ensure that the employees of Sellers (to the extent they continue to be employed by Sellers or any Affiliate of Sellers and made available under the Transition Services Agreement) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. Buyer shall also ensure that the Transferred Employees (to the extent they

continue to be employed by Buyer or any Affiliate of Buyer) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. However, if Sellers have failed to assist and provide reasonable access to data as required for Buyer to complete the computation or payment of the Final Inventory Payment Adjustment, Buyer must notify Sellers of such failure on or before the 90th day following the Closing Date or, if there has been a Bammel Inventory Recomputation Event, then within 30 days following the determination under Sections 2.2.4(c) and/or 2.2.4(d) of the final actual storage inventory of the Bammel Facilities as of the Valuation Time) specifying in detail the documents that Buyer requires, and Buyer will have an additional 90 days after receipt to complete the preparation and delivery of such computations. If Sellers do not dispute the computation of the Gas Inventory or the related computation of the Final Inventory Payment Adjustment in accordance with the next following sentence, the Final Inventory Payment Adjustment as computed by Buyer will be final and binding as between the parties hereto. If Sellers wish to dispute the computation of the Gas Inventory or the related computation of the Final Inventory Payment Adjustment, they may do so, within 30 days (or such longer period as the parties hereto may agree in writing) after the submission of the Final Inventory Payment Adjustment, by notifying Buyer of any disputed items in the Gas Inventory or the related computation of the Final Inventory Payment Adjustment. No such dispute may include a reconsideration of any final actual storage inventory of the Bammel Facilities as of the Valuation Time determined under Sections 2.2.4(c) and/or 2.2.4(d). Sellers and Buyer shall, over the 20 days following the date of such notice (the "Resolution Period"), attempt to resolve their differences and any written resolution by them as to any disputed item shall be final and binding for all purposes of this Agreement. If at the conclusion of the Resolution Period, Sellers and Buyer have not reached an agreement on the disputed items, then all items remaining in dispute shall be submitted by Sellers and Buyer to the Independent Accounting Firm. The Independent Accounting Firm shall act as an arbitrator to determine only those items still in dispute at the end of the Resolution Period. In making its decision, the arbitrator must render a decision on each disputed item that adopts the position of one of the parties on that item and may not decide on any other amount for that item. The parties shall instruct the Independent Accounting Firm to render its reasoned written decision as soon as practicable but in no event later than 60 days after its engagement (which engagement shall

be made no later than 10 Business Days after the end of the Resolution Period). Such decision shall be set forth in a written statement delivered to the parties hereto and shall be final and binding for all purposes of this Agreement, and judgment may be entered thereon. The fees and expenses of the Independent Accounting Firm will be paid one-half by Sellers and one-half by Buyer.

(f) Within 30 days of receipt by Sellers of the computations of the Gas Inventory as of the Valuation Time and the Final Inventory Payment Adjustment described in Section 2.2.4(e) hereof from Buyer (or, if Sellers dispute the same, then within 10 days of the parties' resolution of disputed items or receipt of the decision of the Independent Accounting Firm on disputed items), Buyer will pay to Sellers or Sellers' designee (if the Final Inventory Adjustment Amount is positive) or Sellers will pay to Buyer (if the Final Inventory Adjustment Amount is negative) the Final Inventory Payment Adjustment and in order to reverse the adjustment to the Inventory Payment made under Section 2.2.4(b) the parties will offset the Final Inventory Payment Adjustment by the Valuation Time Adjustment. Such payment, in either case, shall be made by wire transfer and with interest thereon at the Borrowing Rate from the Closing Date to the date of payment.

2.3. The Closing.

The purchase and sale provided for in this Agreement (the "Closing") will take place at the offices of Sellers' counsel in Austin, Texas, commencing at 10:00 a.m. (local time) on January 27, 2005 (the "Closing Date").

2.4. Closing Obligations.

In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing:

2.4.1. Sellers will deliver to Buyer:

(a) assignments of all of the Purchased Interests in the forms of Exhibit 2.4.1(a) hereto (each an "Assignment and Assumption Agreement") executed by Sellers, assigning respectively to Buyer or its designee the Purchased Interests;

(b) a closing statement and cross receipt executed by Sellers, setting out the computation of the Closing Payment and acknowledging receipt of the Closing Payment, in a form reasonably acceptable to Buyer;

(c) [intentionally blank];

(d) such other instruments of transfer and conveyance as may reasonably be requested by Buyer to effectuate the purchase of the Purchased Interests, each in form and substance satisfactory to Buyer and its legal counsel and executed by Sellers;

(e) an option agreement in the form of Exhibit 2.4.1(e) hereto (the "Option Agreement") executed by Storage LP, granting to Storage LP the option to sell the Retained Interest on the terms and conditions therein set out;

(f) a transition services agreement in the form of Exhibit 2.4.1(f) hereto (the "Transition Services Agreement") executed by AEP Energy Services, Inc.;

(g) a limited guaranty in the form of Exhibit 2.4.1(g) hereto (the "Sellers' Limited Guaranty") executed by AEP ("Sellers' Guarantor"), guaranteeing in accordance with the terms thereof certain of Sellers' obligations under this Agreement;

(h) the Cushion Gas Litigation Agreement;

(i) the Partnership Agreement for HPL Consolidation;

(j) certificates in accordance with section 1445 of the Code stating that Sellers are not "foreign persons";

(k) a certificate of the Secretary or similar officer of each Seller and Sellers' Guarantor certifying and attaching all requisite resolutions or actions of such Person's governing body and, if appropriate, its equity holders, approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions and any change of name contemplated for such Person by Section 5.9 and certifying to the incumbency and signatures of the officers of such Person executing this Agreement and any other document relating to the Contemplated Transactions; and

(l) opinions of Sellers' in-house and Sellers' outside counsel, in form and substance reasonably acceptable to Buyer, containing customary legal opinions including an opinion regarding the enforceability of the Cushion Gas Litigation Agreement.

2.4.2. Buyer will deliver to Sellers:

(a) the Closing Payment by wire transfer to the account of Sellers to an account specified by Sellers in a writing, which writing will be delivered to Buyer at least 3 days prior to the Closing Date;

(b) the Assignment and Assumption Agreements executed by Buyer or its designee;

(c) the closing statement and cross receipt described in Section 2.4.1(b) hereof, executed by Buyer, setting out the computation of the Closing Payment and acknowledging receipt of the Purchased Interests, in a form reasonably acceptable to Sellers;

(d) [intentionally blank];

(e) such other instruments of transfer and conveyance as may reasonably be requested by Sellers to effectuate the sale of the Purchased Interests, each in form and substance satisfactory to Sellers and their legal counsel and executed by Buyer;

(f) the Option Agreement executed by Buyer;

(g) the Transition Services Agreement executed by each of the HPL Entities;

(h) a corporate guaranty in the form of Exhibit 2.4.2(h) hereto (the "Buyer's Limited Guaranty") executed by Energy Transfer Partners, L.P. ("Buyer's Guarantor"), guaranteeing in accordance with the terms thereof certain of Buyer's obligations under this Agreement;

(i) a 2002 ISDA Master Agreement with Schedule, Credit Support Annex, and Letters of Confirmation in the form of Exhibit 2.4.2(i) hereto between ETC Marketing, Ltd. and AEP Energy Services, Inc. (the "Swap Agreement");

(j) the Cushion Gas Litigation Agreement;

(k) the Partnership Agreement for HPL Consolidation;

(l) a certificate of the Secretary or similar officer of Buyer and Buyer's Guarantor certifying and attaching all requisite resolutions or actions of such Person's governing body, approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions and certifying to the incumbency and signatures of the officers of such Person executing this Agreement and any other document relating to the Contemplated Transactions; and

(m) opinions of Buyer's in-house and Buyer's outside counsel, in form and substance reasonably satisfactory to Sellers, containing customary legal opinions.

3. SELLERS' REPRESENTATIONS AND WARRANTIES

Sellers hereby represent and warrant as follows:

3.1. Organization and Good Standing of Sellers.

Except as disclosed in Sellers' Disclosure Schedules, Sellers are duly organized or formed, as applicable, validly existing and in good standing under the laws of their respective states of formation or organization, as applicable, with full limited liability company or limited partnership, as applicable, power and authority to conduct their business as it is now being conducted, to own or use the properties and assets that they purport to own or use, and to perform all their obligations under this Agreement and to otherwise undertake the Contemplated Transactions.

3.2. Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Sellers.

3.2.1. Except as disclosed in Sellers' Disclosure Schedules, this Agreement constitutes the legal, valid, and binding obligation of Sellers, enforceable against them in accordance with its terms except as such enforceability may be limited by General Exceptions to Enforceability. Except as disclosed in Sellers' Disclosure Schedules, upon the execution and delivery by Sellers of the instruments required to be executed by Sellers pursuant to Section 2.4.1 (collectively, the "Sellers' Documents"), each of the Sellers' Documents will constitute the legal, valid and binding obligation of Sellers, enforceable against them in accordance with its terms except, in each case, as such enforceability may be limited by General Exceptions to Enforceability. Except as disclosed in Sellers' Disclosure Schedules, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions by Sellers will breach (i) any provision of any of the Governing Documents of Sellers or (ii) any resolution adopted by the equity holders or governing bodies of Sellers.

3.2.2. Except as disclosed in Sellers' Disclosure Schedules, Sellers have the full right, power and authority to execute and deliver this Agreement and the Sellers' Documents, to perform their obligations under this Agreement and the Sellers' Documents, and to carry out the Contemplated Transactions, and such actions have been duly authorized by all necessary action by Sellers' governing body and by Sellers' equity holders.

3.2.3. Except as disclosed in Sellers' Disclosure Schedules, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions by Sellers will:

(a) violate any Applicable Law to which Sellers are subject; or

(b) result in the imposition or creation of any Encumbrance other than Permitted Encumbrances upon or with respect to any of the Purchased Interests to be sold by Sellers.

3.2.4. Except as disclosed in Sellers' Disclosure Schedules, Sellers are not required to give any notice to or obtain any consent, approval, permit, license, franchise, or other authorization, or a variance or exemption therefrom or waiver thereof from any Governmental Authority or other Person in connection with the execution and delivery of this Agreement or the consummation of any of the Contemplated Transactions (the "Sellers' Consents").

3.3. No Litigation Against Sellers.

Except as disclosed in Sellers' Disclosure Schedules, there is no pending or, to Sellers' Knowledge, threatened Proceeding by or against Sellers or any of their Affiliates that challenges, or seeks to restrain, delay, or prohibit the Contemplated Transactions. Except as disclosed in Sellers' Disclosure Schedules, to the Knowledge of Sellers, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. Except as disclosed in Sellers' Disclosure Schedules, there is not in effect any order, judgment, or decree of any Governmental Authority enjoining, barring, suspending, prohibiting, or otherwise limiting Sellers from undertaking the Contemplated Transactions.

3.4. Organization and Good Standing of the HPL Companies.

Except as disclosed in Sellers' Disclosure Schedules, each of the HPL Companies is duly formed or organized, validly existing and in good standing, as applicable, under the laws of its state of formation or organization, with full general partnership, limited partnership, or limited liability company, as applicable, power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under this Agreement and to otherwise undertake the Contemplated Transactions. Except as disclosed in Sellers' Disclosure Schedules, each HPL Company, as applicable, is duly qualified to do business as a foreign entity and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification. Except as disclosed in Sellers' Disclosure Schedules, complete and accurate copies of the Governing Documents of each HPL Company, as currently in effect, have been provided to Buyer. Except as disclosed in Sellers' Disclosure Schedules, no HPL Entity has any subsidiary or, directly or indirectly, owns any shares of capital stock or other equity, securities, or other ownership interest of any other Person. Except as disclosed in Sellers' Disclosure Schedules, neither the execution and delivery of this Agreement by Sellers nor the consummation or performance of any of the Contemplated Transactions by Sellers or by any of the HPL Entities will breach (i) any provision of any of the Governing Documents of an HPL Company or (ii) any resolution adopted by the general or limited partners or the managers, members, or other owners of any HPL Company.

3.5. No Conflict; No Consent Requirements with Respect to the HPL Companies.

3.5.1. Except as disclosed in Sellers' Disclosure Schedules, neither the execution and delivery of this Agreement by Sellers nor the consummation or performance of any of the Contemplated Transactions by Sellers or by any of the HPL Entities will:

(a) violate any Applicable Law to which an HPL Company is subject;

(b) contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any Permit that is held by an HPL Company or that otherwise relates to the Business conducted by an HPL Company;

(c) breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any indenture, mortgage, lease, note, or other Material HPL Contract or other instrument to which any Seller or HPL Company is a party or by which its properties may be bound; or

(d) result in the imposition or creation of any Encumbrance other than a Permitted Encumbrance upon or with respect to any of the assets of any HPL Company.

3.5.2. Except as disclosed in Sellers' Disclosure Schedules, no HPL Company is required to give any notice to or obtain any consent, approval, permit, license, franchise, or other authorization, or a variance or exemption therefrom or waiver thereof from any Governmental Authority or other Person in connection with the execution and delivery of this Agreement or the consummation of any of the Contemplated Transactions by an HPL Entity (the "HPL Company Consents").

3.6. Capitalization of the HPL Companies; Sellers' Title.

3.6.1. Except as disclosed in Sellers' Disclosure Schedules, there are no member, partner or other ownership interests in any of the HPL Companies authorized, issued, or outstanding or reserved for any purpose. The member, partner, or other ownership interests, as applicable, of such HPL Companies shown thereon to be outstanding are duly authorized, validly issued, and fully paid and were not issued in violation of any preemptive rights, and are owned beneficially and of record by the party indicated in Sellers' Disclosure Schedules. Except as disclosed in Sellers' Disclosure Schedules, there are no (A) existing options, warrants, calls, conversion rights or privileges, pre-emptive rights, subscriptions, or other rights,

agreements, arrangements, or commitments of any character obligating any of such HPL Companies to issue, transfer, or sell or cause to be issued, transferred, or sold any partner interests or other interests in any of such HPL Companies, or (B) contracts, agreements, or arrangements of any kind relating to any of the same.

3.6.2. Except as disclosed in Sellers' Disclosure Schedules, (a) Sellers have good and marketable title to their respective member or partner interests, as applicable, in HPL Consolidation, free and clear of any Encumbrances other than Permitted Encumbrances, (b) the HPL Entities have good and marketable title to their respective HPL Subsidiary Interests free and clear of any Encumbrances other than Permitted Encumbrances, and (c) the HPL Entities' percentage interest as tenant-in-common in the South Texas Pipeline is 80%, and in each of the Austin Pipeline, the Big Cowboy Pipeline, and in the A/S Pipeline is 50%.

3.7. Financial Statements of the HPL Entities.

Sellers have delivered to Buyer an unaudited balance sheet of each of the HPL Entities (other than HPL Consolidation) as of December 31, 2004, and the related unaudited statements of income and expense for the fiscal year then ended (the "HPL Financial Statements"). Except as disclosed in Sellers' Disclosure Schedules, the HPL Financial Statements fairly present as at the respective dates of and for the period referred to therein and in accordance with GAAP the financial condition and the results of operations of the HPL Entities.

3.8. No Material Adverse Change.

Except as disclosed in Sellers' Disclosure Schedules, since the date of the HPL Financial Statements, Sellers have operated, or caused the HPL Companies to operate, the Business in the Ordinary Course of Business, and there has not been any event or circumstance that has had or is likely to have a Material Adverse Effect.

3.9. No Undisclosed Liabilities.

3.9.1. Except as disclosed in Sellers' Disclosure Schedules, no HPL Entity has any material liabilities that are required by GAAP to be reflected on the balance sheet of such HPL Entity except for liabilities reflected or reserved against in the HPL Financial Statements and current liabilities incurred in the Ordinary Course of Business since the date of the HPL Financial Statements.

3.9.2. Except as disclosed in Sellers' Disclosure Schedules, there are no Encumbrances securing the payment or other satisfaction of any liabilities of the kind described in Section 3.9.1 without regard to the materiality test therein.

3.10. Property and Leases of the HPL Companies.

3.10.1. Except as disclosed in Sellers' Disclosure Schedules, each HPL Company owns good and marketable title to, or a valid lessee's or licensee's interest in, the major operating assets used by such HPL Company in the conduct of the Business (other than pipeline easements and rights-of-way) as identified in Sellers' Disclosure Schedules (the "Material Assets"), free and clear of any Encumbrances other than Permitted Encumbrances.

3.10.2. Except as disclosed in Sellers' Disclosure Schedules (and except with respect to pipeline easements and rights-of-way), to the Knowledge of Sellers, all leases and licenses of material real property or other Material Assets of the HPL Companies are in full force and effect and are valid, binding and enforceable (except as such enforceability may be limited by General Exceptions to Enforceability), except where failure thereof would not impair the conduct of normal operations of the Business. Except as disclosed in Sellers' Disclosure Schedules, no HPL Company, and to the Knowledge of Sellers, no other party thereto, is in default under any such lease.

3.11. Contracts of the HPL Companies.

3.11.1. Except for (A) contracts and other instruments identified or described as "Disclosed HPL Contracts" in Sellers' Disclosure Schedules, (B) contracts with gas suppliers, gas customers, transportation customers, and storage customers entered into in the Ordinary Course of Business consistent with past practice, (C) pipeline easement and right-of-way agreements, and (D) Benefit Plans, there are no outstanding commitments, contracts, or agreements to which any HPL Company is a party or (except with respect to commitments, contracts, and agreements, entered into by other owners of undivided interests in certain of the property in which the HPL Entities have undivided ownership interests, regarding such other owners' use of their rights in that property) by which any of its properties are bound that (i) call for annual payments or receipts, or require capital expenditures or commitments by the contracting HPL Company of more than $500,000 that may not be terminated without substantial penalty by the contracting HPL Company on reasonable notice, (ii) create an Encumbrance against any property of any HPL Company securing the payment of funds borrowed by an HPL Company, or (iii) guaranty or otherwise provide credit support for, or indemnification with respect to, the obligations of any Person other than an HPL Company. Each Disclosed HPL Contract, and each contract described in clause (B) of this Section 3.11.1 to the extent any such contract described in clause (B) calls for average daily volumes of more than 2,000 MMBtu is herein called a "Material HPL Contract".

3.11.2. Except as otherwise provided in the next paragraph of this Section 3.11.2, and except as disclosed in Sellers' Disclosure Schedules, each Material HPL Contract is in full force and effect and is valid and enforceable in accordance with its terms. Except as disclosed in Sellers' Disclosure Schedules, the contracting HPL Company on each such Material HPL Contract is not in material breach of any applicable terms and requirements thereof. Except as disclosed in Sellers' Disclosure Schedules, each other Person that has any obligation or liability under each such Material HPL Contract is, to the Knowledge of Sellers, not in material breach of any applicable terms and requirements thereof. Except as disclosed in Sellers' Disclosure Schedules, the contracting HPL Company has not given to or received from any other Person, at any time since January 1, 2004 any written notice given in compliance with the notice provisions of the applicable contract alleging that the HPL Company or any other Person is in default under any such Material HPL Contract which has not been resolved.

The representations and warranties of this Section 3.11.2 shall be applicable with respect to the Bammel Documents, the Bammel Settlement Agreement, and the Bammel Settlement Approval Order only to the extent that such documents, the rights and interests of the parties thereto under such documents, the performance under such documents of the parties thereto, and the transactions thereunder are not in controversy in the Cushion Gas Litigation Agreement.

3.12. Insurance Maintained by the HPL Companies.

All of the material policies of insurance carried on the date of this Agreement by the HPL Entities or any of their Affiliates directly insuring their properties or the Business on or prior to the Closing Date (such HPL Entities' "Business Insurance Policies") are identified or described in Sellers' Disclosure Schedule. Except as disclosed in Sellers' Disclosure Schedules, all premiums payable on such Business Insurance Policies have been timely paid. Except as disclosed in Sellers' Disclosure Schedules, with respect to such Business Insurance Policies: (i) all are in full force and effect; (ii) all have been complied with in all material respects by the HPL Companies; (iii) no HPL Company has received any notice from the insurer under any such Business Insurance Policy canceling or materially amending the same; and (iv) there is no claim under any such Business Insurance Policy that (A) has been denied by the insurer, and (B) is still being asserted by the insured.

3.13. No Litigation Against the HPL Companies.

Except as disclosed in Sellers' Disclosure Schedules, there is no pending or, to the Knowledge of Sellers, threatened Proceeding by or against any HPL Company (i) that relates to or may reasonably be expected to affect, in any material respect, the Business of, or any of the assets owned or used by any HPL Company, or (ii) that seeks to restrain, delay or prohibit the Contemplated Transactions. Except as disclosed in Sellers' Disclosure Schedules, there is not in effect any order, judgment, or decree of any Governmental Authority enjoining, barring, suspending, prohibiting, or otherwise limiting any HPL Company from engaging in the Business, or requiring any HPL Company to take or refrain from taking any action with respect to any aspect of such Business. Notwithstanding the foregoing, Sellers make no representation or

warranty in this Section 3.13 as to Proceedings, judgments, orders, writs, injunctions, or decrees which are, or contain issues, of broad applicability to, or which generally affect, the natural gas, natural gas liquids, or pipeline industry and do not specifically name Sellers, their Affiliates, or any of the HPL Companies or their respective properties.

3.14. Compliance by the HPL Entities with Applicable Law; Permits.

Except as disclosed in Sellers' Disclosure Schedules, since June 1, 2001, the HPL Entities have complied in all material respects with all Applicable Laws to which they are subject (not including Environmental Laws, with respect to which Sellers' representations and warranties are contained in Section 3.18 hereof). Except as disclosed in Sellers' Disclosure Schedules, no investigation or review by any Governmental Authority, based on an alleged material violation of any Applicable Law (not including Environmental Laws, with respect to which Sellers' representations and warranties are contained in Section 3.18 hereof) is pending or, to the Knowledge of Sellers, threatened, against an HPL Company, nor has any Governmental Authority indicated in writing to Sellers, or any HPL Company an intention to conduct the same at any time after the date hereof.

Except as disclosed in Sellers' Disclosure Schedules, no Permit from or of any Governmental Authority or license, franchise, permit, order, or approval from any third party is required on the part of the HPL Entities to conduct the Business as presently conducted or is required in connection with the execution and delivery of this Agreement or the consummation of the Contemplated Transactions except for such Permits as have been obtained if the failure to have such Permits would not, alone or in the aggregate, result in a Material Adverse Effect.

3.15. Intellectual Property of the HPL Companies.

All material patents, trademarks, service marks, trade names, registered copyrights, domain names, and applications therefor used mainly in the conduct of the Business by any HPL Company are herein referred to as "Intellectual Property". Except as disclosed in Sellers' Disclosure Schedules, each HPL Company owns or has the right to use all such Intellectual Property, free of all Encumbrances other than Permitted Encumbrances. Except as disclosed in Sellers' Disclosure Schedules, to the Knowledge of Sellers, (i) no Person is infringing any of the HPL Companies' rights in such Intellectual Property, (ii) no HPL Company is infringing the intellectual property rights of any other Person, (iii) no registration of any such Intellectual Property has expired or been abandoned, and (iv) no HPL Company is in default under any license agreement respecting any of its Intellectual Property, in each case where the result would materially impair the conduct of the Business.

3.16. Tax Matters.

3.16.1. Except as disclosed in Sellers' Disclosure Schedules and subject to Section 3.16.3, there has been timely filed by or for each of the HPL Companies all Tax Returns, if any, which are required by law to be filed prior to the Closing Date by it or with respect to its operations, and all Taxes due or claimed to be due from it or with respect to its operations (whether or not shown on any Tax Return) have duly and timely been paid, and there are no assessments or claims for payment of any such Taxes now pending or, to the Knowledge of Sellers, threatened, or any audit of the records of an HPL Company being made or threatened by, any taxing authority. Except as disclosed in Sellers' Disclosure Schedules and subject to Section 3.16.3, each Tax Return previously filed by each HPL Company is, or to be filed by each HPL Company in the future relating to any period ending prior to the Closing Date shall be, correct and complete in all material respects. Except as disclosed in Sellers' Disclosure Schedules and subject to Section 3.16.3, none of such HPL Companies is currently the beneficiary of any extension of time within which to file any Tax Return, if any, and no extension or waiver of any statute of limitations is in effect with respect to any Tax owed by any HPL Company. Except as disclosed in Sellers' Disclosure Schedules and subject to Section 3.16.3, each of such HPL Companies has properly withheld and paid, or accrued for payment, when due, to appropriate state and/or federal authorities, all sales and use taxes, if any, and all amounts required to be withheld from payments made to its employees, independent contractors, creditors, owners, or other third parties and have also paid all employment taxes as required under Applicable Law.

3.16.2. Each of HPL Company LP, HPL Resources, and Gas Marketing have been domestic eligible entities within the meaning of Treasury Regulation 301.7701-3 and each has been treated as a disregarded entity by Sellers and their Affiliates for U.S. federal income tax purposes since July 31, 2001, and each of Storage Holdings and Storage Leaseco have been domestic eligible entities within the meaning of Treasury Regulation 301.7701-3 and each has been treated as a disregarded entity by Sellers and their Affiliates for U.S. federal income tax purposes since October 12, 2004, and no election for any of the HPL Entities has been made to change their respective default classifications, and neither Sellers, nor any of their Affiliates, nor any taxing authority has taken a position inconsistent with such treatment for federal income tax purposes. Each of HPL GP, LLC, HPL Storage GP LLC and HPL Consolidation are domestic eligible entities within the meaning of Treasury Regulation 301.7701-3 and each has been treated as a disregarded entity by Sellers and their Affiliates (and with respect to HPL Consolidation, such treatment was made up to the Closing) for U.S. federal income tax purposes, and no election has been made to change the default classification of any such entities. The only investments ever made by HPL GP, LLC and HPL Storage GP LLC have been their respective interests in the HPL Entities.

3.16.3. Sellers expressly make no representations or warranties regarding compliance with Code section 409A.

3.17. Workforce Matters of the HPL Entities.

3.17.1. Employees.

Sellers have provided to Buyer a complete and accurate list of the name, current compensation, scheduled or agreed-upon pay adjustments or bonuses, job title or description, and date of hire of each employee of the HPL Entities or their Affiliates as of the day immediately preceding Closing whose duties relate primarily to the Business (the "Closing Workforce").

3.17.2. Labor Disputes.

Except as disclosed in Sellers' Disclosure Schedules, each HPL Company is in compliance in all material respects with all Applicable Law respecting employment and employment practices, terms and conditions of employment, and wages and hours. Except as disclosed in Sellers' Disclosure Schedules, there is no unfair labor practice complaint against any HPL Company before the National Labor Relations Board. Except as disclosed in Sellers' Disclosure Schedules, there is no labor strike, dispute, slowdown, or stoppage actually pending or threatened against or affecting any HPL Company. Except as disclosed in Sellers' Disclosure Schedules, since June 1, 2001, no HPL Company has experienced a strike or work stoppage. Except as disclosed in Sellers' Disclosure Schedules, no HPL Company is a party to or subject to a collective bargaining agreement and no collective bargaining agreement relating to employees of any HPL Company is currently being negotiated. Except as disclosed in Sellers' Disclosure Schedules, no Proceedings are pending or, to the Knowledge of Sellers, threatened against any HPL Company with respect to employment and employment practices, terms and conditions of employment, and wages and hours. Except as disclosed in Sellers' Disclosure Schedules, to the Knowledge of Sellers, there is no effort currently underway to organize the work force of any HPL Company or any part thereof.

3.17.3. Employee Benefit Plans.

Sellers' Disclosure Schedules set forth a complete and accurate list of each plan, contract, agreement, or other arrangement providing any type of compensation or benefit, including without limitation any "employee benefit plan" as defined in Section 3(3) of ERISA in which any individual included in the Closing Workforce is a participant or to which such individual is a party (collectively, the "Benefit Plans"). Except as set forth in Sellers' Disclosure Schedules, (i) the Benefit Plans are in compliance with all applicable requirements of ERISA, the Code, and other applicable laws and have been administered in accordance with their terms and such laws, in each case in all material respects; and (ii) each Benefit Plan that is intended to be qualified within the meaning of Section 401 of the Code has received a favorable determination letter as to its qualification that is current as of the Closing Date except for changes required by the Economic Growth

and Tax Relief Reconciliation Act (with respect to which good faith amendments have been made), and nothing has occurred (or failed to occur) that could reasonably be expected to result in the revocation of such letter. Except as set forth in Sellers' Disclosure Schedules, there are no pending or, to the Knowledge of Sellers, threatened claims involving any individual included in the Closing Workforce and no pending or, to the Knowledge of Sellers, threatened litigation involving any individual included in the Closing Workforce with respect to any of the Benefit Plans, other than ordinary and usual claims for benefits by participants and beneficiaries, in either case which, if determined or resolved adversely, would have a Material Adverse Effect. With respect to any employee benefit plan (within the meaning of Section 3(3) of ERISA) that is sponsored, maintained, or contributed to, or has been sponsored, maintained, or contributed to since June 1, 2001, by any HPL Entity or any corporation, trade, business, or entity that is now or has been at any time since that date under common control with any HPL Entity, within the meaning of Section 4.14(b), (c), (m) or (o) of the Code or Section 4001 of ERISA ("Commonly Controlled Entity"), except as set forth in Sellers' Disclosure Schedules (iii) no withdrawal liability, within the meaning of Section 4201 of ERISA, has been incurred, which withdrawal liability has not been satisfied in full or will be incurred as a result of the Contemplated Transactions; (iv) no liability to the Pension Benefit Guaranty Corporation has been incurred by any HPL Entity or any Commonly Controlled Entity, which liability has not been satisfied in full; (v) no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred; (vi) all contributions and premium payments (including, without limitation, employer contributions and employee elective deferral contributions) that are due have been paid to the applicable defined contribution Benefit Plan and all contributions (including, without limitation, installments) to any Benefit Plan (other than Seller's defined contribution Benefit Plan) required by Section 302 of ERISA and Section 412 of the Code have been timely made and all contributions for any period ending before the Closing Date that are not yet due have been paid up to and including the Closing Date to any Benefit Plan which is subject to Section 302 of ERISA or Section 412 of the Code, or accrued on the books of the appropriate HPL Entities or any Commonly Controlled Entity; and (vii) no liability under Section 302 of ERISA, Section 412 of the Code or Title IV of ERISA has been incurred by any HPL Entity or any Commonly Controlled Entity that would become a liability of Buyer or any of its Affiliates and no condition exists that would result in any such liability.

3.18. Environmental Matters.

Certain environmental matters have been identified as "Disclosed Environmental Matters" in Sellers' Disclosure Schedules. Except as described as a Disclosed Environmental Matter, and except as otherwise set forth in Sellers' Disclosure Schedules and with respect to the period beginning June 1, 2001, and to Sellers' Knowledge, with respect to the period preceding the period beginning June 1, 2001:

3.18.1. No HPL Company is in violation, in any material respect, of any Applicable Law pertaining to environmental protection, or protection of human health or safety, including without limitation those arising under the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Federal Water Pollution Control Act, the Solid Waste Disposal Act, as amended, the Federal Clean Air Act, or the Toxic Substances Control Act (collectively, "Environmental Laws"); and

3.18.2. Sellers have no Knowledge, and neither Sellers nor any of the HPL Companies nor any of their Affiliates have received written notice from any Person, including without limitation any Governmental Authority, (i) that any HPL Company has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B; (ii) that any hazardous waste, as defined by 42 U.S.C. §6903(5), any hazardous substance as defined by 42 U.S.C. §9601(14), any pollutant or contaminant as defined by 42 U.S.C. §9601(33) or any other toxic substance, oil or hazardous material (including friable asbestos, urea formaldehyde insulation or polychlorinated biphenyls) in each case regulated by any Environmental Laws ("Hazardous Substances") which any HPL Company generated, transported or disposed of has been found at any site at which a federal, state or local agency or other third party has conducted an investigation, and in respect of which Hazardous Substances any of the HPL Companies may have a remediation liability or obligation pursuant to any Environmental Law; or (iii) that any HPL Company is or shall be a named party to any claim, action, cause of action, complaint, or legal or administrative proceeding under Environmental Laws arising out of any Person's incurrence of costs, expenses, losses or damages in connection with the release (as that term is defined in 42 U.S.C. §9601(22) or the relevant foreign Environmental Laws, hereinafter, "Release") of Hazardous Substances.

3.18.3. To the Knowledge of Sellers, Sellers' Disclosure Schedules list each material Permit required under applicable Environmental Laws for the operation of the Business. To the Knowledge of Sellers, each such Permit is valid and in full force and effect, and no Proceeding is pending or threatened to suspend, revoke, terminate, or declare invalid any such Permit. Except as set forth in Sellers' Disclosure Schedules, the applicable HPL Company (i) holds and is in compliance, in all material respects, with each such Permit, (ii) has filed all necessary reports and maintained all necessary records pertaining to such Permits, in all material respects, and (iii) has otherwise complied, in all material respects, with all such Permits.

3.19. Regulatory Matters.

Except as disclosed in Sellers' Disclosure Schedules, no HPL Company is subject to regulation as a "holding company" or a "public utility company" under the Public Utility Holding Company Act of 1935, as amended. HPL Company LP and MidTexas Pipeline Company are regulated as gas utilities under the laws of the State of Texas. Except as disclosed in Sellers' Disclosure Schedules, no HPL Company is subject to regulation as a "natural gas company," as defined in the Natural Gas Act of 1938, as amended ("NGA").

3.20. Affiliate Transactions of the HPL Companies.

Except as disclosed in Sellers' Disclosure Schedules, none of the HPL Companies is party to an agreement or arrangement with Sellers or any of their other Affiliates that will continue in effect after Closing. Except as disclosed in Sellers' Disclosure Schedules, there are no guarantees, letters of credit, indemnity agreements, equity contribution agreements, or other credit support agreements under which any HPL Company has any outstanding obligation relating to the obligations, business, or assets of Sellers or any of their Affiliates (other than another HPL Company).

3.21. Finders and Brokers.

Neither Sellers nor any of the HPL Companies is party to any agreement with any finder or broker under which Buyer or any HPL Company after Closing would have any responsibility for any commissions, fees, or expenses in connection with the origin, negotiation, execution, or performance of this Agreement.

3.22. Bankruptcy.

Except as disclosed in Sellers' Disclosure Schedules, neither Sellers nor any of the HPL Companies are subject to any bankruptcy proceeding, and to Sellers' Knowledge no proceeding is contemplated, in which Sellers or the HPL Companies would be declared insolvent or subject to the protection of any bankruptcy or reorganization laws or procedures.

3.23. Sufficiency of Assets.

Except as set forth in Sellers' Disclosure Schedules, the equipment, facilities, real property, Intellectual Property, Material HPL Contracts, and Permits owned, leased, or licensed by the HPL Companies constitute substantially all of the equipment, facilities, real property, Intellectual Property, Material HPL Contracts, and Permits used by the HPL Companies for the conduct of the Business as conducted immediately prior to Closing.

3.24. Certain Warranty Disclaimers.

3.24.1. Except as and to the extent expressly set out in this Agreement or the Exhibits hereto, in Sellers' Disclosure Schedules, or in any certificate furnished or to be furnished by Sellers pursuant hereto, Sellers make no representations or warranties whatsoever to Buyer and Sellers hereby disclaim all liability and responsibility for any other representation, warranty, statement or information made, communicated, or furnished or purportedly made, communicated, or furnished (orally or in writing) to Buyer or its representatives (including without limitation any opinion, information, projection, or advice that may have been or may be provided to Buyer by any director, officer, employee, agent, consultant, or representative of any Seller or any of their Affiliates). No information provided to Buyer or any of its Affiliates or any of its or their representatives, advisors, or lenders, shall enlarge or alter in any way the representations and warranties set out in this Agreement or the Exhibits hereto, in Sellers' Disclosure Schedules, or in any certificate furnished or to be furnished by Sellers pursuant hereto or otherwise constitute a representation or warranty hereunder. Buyer expressly acknowledges that (i) it has undertaken all investigations, analyses, and evaluations considered by it to be necessary or appropriate with respect to the Business, its financial and operating history and condition, and the Purchased Interests, Applicable Law, relevant industry and market conditions, and its decision to enter into this Agreement and consummate the Contemplated Transactions, (ii) it has had an opportunity to ask for all information desired from Sellers and their Affiliates and the nature and extent of the responses to such requests are satisfactory to Buyer, and (iii) it has made its own evaluation of the value of the Business, its financial condition and prospects, and the Purchased Interests and the risks and benefits of the Business and the Contemplated Transactions and is not relying on any information or evaluation from Sellers or any of their Affiliates or representatives other than those expressly set out in this Agreement or the Exhibits hereto, in Sellers' Disclosure Schedules, or in any certificate furnished or to be furnished by Sellers pursuant hereto.

3.24.2. EXCEPT AS OTHERWISE CONTAINED IN THIS AGREEMENT OR THE EXHIBITS HERETO, IN SELLERS' DISCLOSURE SCHEDULES, OR IN ANY CERTIFICATE FURNISHED OR TO BE FURNISHED BY SELLERS PURSUANT HERETO, SELLERS AND THEIR AFFILIATES MAKE NO REPRESENTATION OR WARRANTY REGARDING THE CONDITION, REMAINING USEFUL LIFE, OR STRUCTURAL INTEGRITY OF ANY OF THE PIPELINE OR GAS STORAGE ASSETS (OR RELATED EQUIPMENT OR FACILITIES) OF ANY OF THE HPL COMPANIES. ALL SUCH ASSETS, EQUIPMENT, AND FACILITIES ARE ACCEPTED ON AN "**AS IS**" BASIS, AND SELLERS AND THEIR AFFILIATES HEREBY DISCLAIM ALL SUCH WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

4. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby represents and warrants as follows:

4.1. Organization and Good Standing of Buyer.

Except as disclosed in Buyer's Disclosure Schedules, Buyer is duly formed and validly existing under the laws of its state of organization, with full limited partnership power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under this Agreement and to otherwise undertake the Contemplated Transactions. Except as disclosed in Buyer's Disclosure Schedules, Buyer is duly qualified to do business as a foreign entity and is in good standing, if applicable, under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification.

4.2. Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Buyer.

4.2.1. Except as disclosed in Buyer's Disclosure Schedules, this Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against it in accordance with its terms except as such enforceability may be limited by General Exceptions to Enforceability. Except as disclosed in Buyer's Disclosure Schedules, upon the execution and delivery by Buyer of the instruments required to be executed by Buyer or by any of the HPL Entities pursuant to Section 2.4.2 (collectively, the "Buyer's Documents"), each of the Buyer's Documents will constitute the legal, valid and binding obligation of Buyer or HPL Entity party thereto, as the case may be, enforceable against it in accordance with its terms except, in each case, as such enforceability may be limited by General Exceptions to Enforceability. Except as disclosed in Buyer's Disclosure Schedules, neither the execution and delivery of this Agreement or any of the Buyer's Documents nor the consummation or performance of any of the Contemplated Transactions by Buyer or any HPL Entity will breach (i) any provision of any of the Governing Documents of Buyer or (ii) any resolution adopted by the equity holders or governing bodies of Buyer.

4.2.2. Except as disclosed in Buyer's Disclosure Schedules, Buyer has the full right, power and authority to execute and deliver this Agreement and the Buyer's Documents as applicable, to perform its obligations under this Agreement and the Buyer's Documents as applicable, and to carry out the Contemplated Transactions, and such actions have been duly authorized by all necessary action by such the governing bodies and equity holders of Buyer.

4.2.3. Except as disclosed in Buyer's Disclosure Schedules, neither the execution and delivery of this Agreement or any of the Buyer's Documents nor the consummation or performance of any of the Contemplated Transactions by Buyer will:

(a) violate any Applicable Law to which Buyer is subject;

(b) contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any Permit that is held by Buyer; or

(c) breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any indenture, mortgage, lease, note, or other material contract or other instrument to which Buyer is a party or by which its properties may be bound.

4.2.4. Except as disclosed in Buyer's Disclosure Schedules, Buyer is not required to give any notice to or obtain any consent, approval, permit, license, franchise, or other authorization, or a variance or exemption therefrom or waiver thereof from any Governmental Authority or other Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.3. No Litigation Against Buyer.

Except as disclosed in Buyer's Disclosure Schedules, there is no pending or, to Buyer's Knowledge, threatened Proceeding by or against Buyer that challenges, or seeks to restrain, delay, or prohibit the Contemplated Transactions. Except as disclosed in Buyer's Disclosure Schedules, to the Knowledge of Buyer, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. Except as disclosed in Buyer's Disclosure Schedules, there is not in effect any order, judgment, or decree of any Governmental Authority enjoining, barring, suspending, prohibiting, or otherwise limiting Buyer from undertaking the Contemplated Transactions.

4.4. Finders and Brokers.

Buyer is not a party to any agreement with any finder or broker under which any Seller would have any responsibility for any commissions, fees, or expenses in connection with the origin, negotiation, execution, or performance of this Agreement.

4.5. Bankruptcy.

Except as disclosed in Buyer's Disclosure Schedules, Buyer is not subject to any bankruptcy proceeding, and to Buyer's Knowledge no proceeding is contemplated, in which Buyer would be declared insolvent or subject to the protection of any bankruptcy or reorganization laws or procedures.

4.6. Availability of Funds.

Buyer has sufficient funds available or has received binding written commitments from responsible financial institutions to provide sufficient funds on the Closing Date to pay the Purchase Price and conduct the Business. The ability of Buyer to consummate the transactions contemplated hereby are not subject to any condition or contingency with respect to financing.

5. COVENANTS OF THE PARTIES

5.1. Continuing Access.

After the Closing Date and in addition to any rights under the Cushion Gas Litigation Agreement, each of the parties hereto, its Affiliates, and its and their representatives and advisors will have reasonable access to (and the right to make and retain copies of) the records (including, but not limited to email messages) of the HPL Companies and reasonable access to the officers, directors, then-serving employees, members, agents, and any other personnel of the HPL Companies, in each case for purposes of consultation or otherwise to the extent reasonably required in connection with matters relating to the operations of the HPL Companies before the Closing Date, in connection with the performance of its obligations and exercise of its rights under this Agreement (including its prosecution, defense, and settlement of Retained Matters or other litigation or investigations), or otherwise in connection with the Contemplated Transactions. Each of the parties hereto agrees to preserve and cause its Affiliates to preserve all such records for the period of time set forth in any records retention policy in effect at an HPL Entity as of the Closing Date or for any longer period as may be required by law, but in any event for at least 6 years from the Closing Date. Each of the parties hereto and their representatives and advisors will have reasonable access to (and the right to make and retain copies of) the documents, books and records, and other information of the HPL Companies (to the extent currently possessed by the HPL Companies, and such parties shall authorize Buyer or Sellers, as applicable, to seek or obtain, at the expense of the party seeking such access, such documents, books, records, and other information of the HPL Companies that are not currently possessed by such parties). At no cost or expense to the cooperating party other than actual out-of-pocket expenditures (which shall not include attorney's fees), each party will reasonably (or otherwise upon reimbursement of the cooperating party's out-of-pocket costs) cooperate and cause their Affiliates to reasonably (or otherwise upon reimbursement of the cooperating party's out-of-pocket costs) cooperate in connection with any audit, investigation, hearing, or inquiry by any Governmental Authority and any litigation, arbitration, or other Proceeding which may continue or arise after the Closing Date relating to any of the Retained Matters, such cooperation to include making individuals and records reasonably (or otherwise upon reimbursement of Buyer's out-of-pocket costs) available for review, analysis, testing, consultation, interview, deposition, or testimony, making a corporate representative available for deposition or at trial, and executing declarations, affidavits, settlement agreements, and other instruments as reasonably requested by the other party hereto. Any cost associated with accessing former employees will be borne by the party seeking such access.

5.2. Retained Matters.

5.2.1. Except as otherwise set forth in Sellers' Disclosure Schedules, Sellers or their Affiliates will be entitled to exclusively control, conduct, and otherwise direct the prosecution, defense, and settlement of any of the Proceedings described as or arising out of "Retained Matters" in Sellers' Disclosure Schedules and Buyer covenants to cause the HPL Entities to grant such control to Sellers. Following the Closing, the liability of the HPL Entities for any demands, claims, causes of action, suits, judgments, damages, amounts paid in settlement, penalties, liabilities, losses or deficiencies, court costs, expenses of arbitration or mediation, and other out-of-pocket expenses relating to any Retained Matter ("Retained Matter Liabilities") will be limited as set out in the description thereof in Sellers' Disclosure Schedule, and Sellers hereby agree to solely bear the cost of, or if unable to directly bear the cost of, shall indemnify and hold harmless, the HPL Entities from all Retained Matter Liabilities in excess of such limit on the liability of the HPL Entities therefor ("Sellers' Retained Matter Responsibility"), in accordance with the provisions of Section 6.2. Sellers will retain rights in proportion to Sellers' Retained Matter Responsibility with respect to any recovery from any of the Retained Matters or any counterclaim thereto or cross-claim with respect thereto (whether or not presently asserted), and Buyer agrees to immediately remit, and cause the HPL Entities to immediately remit, any and all such recoveries to Sellers or their designees.

5.2.2. Cushion Gas Litigation is not a Retained Matter under this Agreement. Allocation of responsibility and liability among Sellers and their Affiliates on the one hand and Buyer, the HPL Entities, and their Affiliates on the other hand with respect to Cushion Gas Litigation is controlled exclusively by the Cushion Gas Litigation Agreement, and neither Sellers nor any of their Affiliates will have any liability under this Agreement to Buyer, the HPL Entities, or any of their Affiliates (including liability based on a breach of the representation and warranty in Section 3.11) for any Damages or other loss, liability, obligation, damage, cost, or expense of any kind arising out of or relating to any Cushion Gas Litigation and none of the limitations on liability contained in this Agreement will apply to any liability arising under the Cushion Gas Litigation Agreement.

5.3. Workforce Matters.

5.3.1. Post-Closing Employment and Compensation; Severance.

(a) Sellers have transferred, or have caused to be transferred, all members of the Closing Workforce to a Seller or an Affiliate of a Seller (other than an HPL Company). From the Closing Date until the expiration of the Employee Review Period, Sellers shall be responsible for the Closing Workforce in accordance with the terms of the Transition Services Agreement. Not later than 100 days following the Closing Date (such period being the "Employee Review Period"), except as provided in Section 5.3.1(b), Buyer shall extend offers of employment, or cause the HPL Entities or another of its Affiliates to extend offers of

employment, to the members of the Closing Workforce that it so elects with terms consistent with Section 5.3.2 ("Offer of Employment"). Buyer will make Offers of Employment and initiate employment in consultation with Sellers in an orderly fashion that does not impose an undue administrative burden on Sellers. Buyer shall notify Sellers in writing at least 10 days prior to making an Offer of Employment of: (i) the name of each such member of the Closing Workforce to whom Buyer or an Affiliate of Buyer intends to make an Offer of Employment; and (ii) the terms of each such Offer of Employment. Buyer shall not give notice to any member of the Closing Workforce that such employee will not receive an Offer of Employment in the period beginning on the Closing Date and ending 30 days after the Closing Date. At any time and from time to time on or before the date that is the last day of the Employee Review Period, Buyer or an Affiliate of Buyer shall hire those members of the Closing Workforce who accept an Offer of Employment. Each member of the Closing Workforce who accepts an Offer of Employment shall be referred to as a "Transferred Employee". The date on which a Transferred Employee becomes an employee of Buyer or Buyer's Affiliate shall be referred to as the "Hire Date" for such Transferred Employee. Sellers or their Affiliate, as the case may be, shall terminate each of the Transferred Employees as of such employee's Hire Date. Except to the extent that such liabilities are to be borne by Buyer under Section 5.3.1(c), Sellers shall be liable for any Required Severance Benefits and health care continuation benefits (COBRA rights) of any member of the Closing Workforce that does not become a Transferred Employee, and except as otherwise provided herein or in the Transition Services Agreement, neither Buyer nor any Affiliate thereof shall have any other liability or obligation whatsoever with respect to any member of the Closing Workforce who does not become a Transferred Employee.

(b) The provisions of Section 5.3.1(a) notwithstanding, (i) Buyer will have no obligation to employ, or cause to be employed, any member of the Closing Workforce who does not accept an Offer of Employment that conforms to the requirements of Section 5.3.1(a); (ii) Buyer will have no obligation to continue the employment of any individual who voluntarily terminates his or her employment other than in the circumstances described in clause (ii) or (iii) of Section 5.3.1(c), and (iii) Buyer may terminate the employment of any member of the Closing Workforce at anytime for Cause. For purposes of this Agreement, termination for "Cause" means termination because of material dereliction of duty, commission of a crime of moral turpitude, material violation of any written policy of the employer, or termination because of any other "termination for cause" provision in the involved individual's written employment agreement, if any.

(c) Buyer will provide, or will cause the HPL Entities or another of its Affiliates to provide the Required Severance Benefits to each Transferred Employee who:

(i) is terminated without Cause during the Continuation Period,

(ii) elects during the Continuation Period to terminate such employment within 7 days following such Transferred Employee's receipt of a notice from his or her employer of its intent to reduce such employee's base rate of pay, or

(iii) elects during the Continuation Period to terminate such employment within 30 days after his or her employer notifies such employee of its intent to assign such employee to a principal place of work that is more than 50 miles from such employee's principal place of work as of the Closing Date.

Additionally, in the event Buyer fails to extend, or cause to be extended, Offers of Employment to not less than 75% of the Closing Workforce as required by Section 5.3.1(a), and the members of the Closing Workforce that are severed by Sellers or their Affiliates who have not received Offers of Employment from Buyer and have not resigned or have not received offers of employment from Sellers or any of their Affiliates that in each such case would relieve Sellers of any severance obligation to such employees, then Buyer will pay to Sellers or their designated Affiliate, within 30 days of written request therefor (such request to be made within 30 days of the end of the Employee Review Period) an amount equal to (A) the weighted average severance benefits (based on credited service and COBRA premium rates determined as of the last day of the Employee Review Period) that could be available pursuant to the Required Severance Benefits to the remaining members of the Closing Workforce described above multiplied by (B) a number equal to (x) the number of individuals constituting 75% of the Closing Workforce minus (y) the number of individuals who receive an Offer of Employment that conforms to the requirements of Section 5.3.1(a).

(d) Sellers and their Affiliates will not discourage any member of the Closing Workforce from accepting an Offer of Employment that conforms to the requirements of Section 5.3.1(a).

(e) Prior to the Closing Date, Sellers shall have caused the HPL Entities to (i) terminate any Benefit Plans that are sponsored, contributed to, maintained, or entered into solely by one or more of the HPL Entities, unless sponsorship is transferred to and assumed by a Seller or an Affiliate of Sellers (other than an HPL Company) prior to the Closing Date (including any liability that might otherwise apply to the HPL Entities), and (ii) terminate the participation of all HPL Entities in all Benefit Plans. It is expressly understood and agreed that neither Buyer nor any Affiliate thereof is, by virtue of this Agreement or otherwise, assuming any Benefit Plan or any liability or obligation of any kind under any such Benefit Plan.

5.3.2. Post-Closing Benefits; Service Credit for Transferred Employees.

(a) During the Continuation Period, Buyer will provide, or cause the HPL Entities or another of its Affiliates to provide, Transferred Employees with (i) a base compensation level at least as high as that referred to in Section 3.17.1 hereof (including scheduled increases in compensation identified therein), and (ii) a principal place of work that is no more than 50 miles from such Transferred Employee's principal place of work as of the day immediately preceding Closing.

(b) During the Continuation Period, Buyer will provide, or cause the HPL Entities or another of its Affiliates to provide, to the extent permitted by Applicable Law, bonus, fringe benefits, welfare benefits, retirement and pension benefits, medical, dental, and other health plans, vacation pay, sick leave, deferred compensation arrangements, and other benefits (other than severance benefits, which are controlled by Section 5.3.1(c)) (the "Buyer Plans") for Transferred Employees that are no less favorable than those provided by Buyer or its Affiliates to other similarly situated employees of Buyer or its Affiliates.

(c) To the extent permitted under Applicable Law and the applicable Buyer Plans, Buyer agrees that for purposes of all Buyer Plans (including all policies and employee fringe benefit programs, including vacations, of Buyer) under which an employee's benefit depends, in whole or in part, on length of service, credit will be given to Transferred Employees as of each employee's Hire Date for service previously credited with or by Sellers or any of their Affiliates prior to such Hire Date for such programs, provided that such crediting of service shall not be given for benefit accrual purposes under any defined benefit plan. If permitted under the applicable Buyer Plans with no immediate increase in Buyer's premiums with respect to any insured group health plan, each Transferred Employee shall also be given credit

for any deductible or co-payment amounts paid in respect of the plan year in which the Closing occurs to the extent that, following such employee's Hire Date, such Transferred Employee participates in any Buyer Plan for which deductibles or co-payments are required. Buyer shall also cause each Buyer Plan (except Buyer's insured welfare benefit plans that are not group health plans, with respect to which Buyer shall use its commercially reasonable efforts to cause such plans) to waive (i) any preexisting conditions, exclusions, evidence of insurability requirements, and actively-at-work exclusions for each Transferred Employee and his or her dependents under any Buyer Plan in which a Transferred Employee becomes eligible to participate to the extent that such pre-existing conditions, exclusions, evidence of insurability requirements, and actively-at-work exclusions were previously satisfied under the comparable Benefit Plan, and (ii) any waiting period limitation which would otherwise be applicable to a Transferred Employee on or after the Closing to the extent such Transferred Employee had satisfied any similar waiting period limitation under an analogous plan prior to the Closing. All claims and expenses incurred by any such Transferred Employee and any dependents that were to be taken into account for purposes of satisfying any deductible or out-of-pocket limit under any Benefit Plan will be taken into account for purposes of satisfying any deductible or out-of-pocket limit under the plans maintained after Closing for the benefit of such Transferred Employee. Sellers shall use their reasonable best efforts to provide to Buyer information concerning out-of-pocket expenses incurred by Transferred Employees under any Benefit Plan for pre-Hire Date treatments or services.

(d) Buyer will recognize, or will cause the HPL Entities or another of its Affiliates to recognize, all unused earned, banked, and accrued vacation of each Transferred Employee as of such employee's Hire Date up to a maximum of 2 weeks of vacation for each Transferred Employee and will provide to each such Transferred Employee a level of sick leave and other leave benefits that is no less favorable than the sick leave and other leave benefits provided by Buyer or its Affiliates to similarly situated employees of Buyer or its Affiliates. If any Transferred Employee has more than 2 weeks unused earned, banked, and accrued vacation available to be taken in the year of Closing under Sellers' or their Affiliates' vacation policy as of such Transferred Employee's Hire Date, Sellers shall be responsible for the payment to such Transferred Employee of such additional amount of unused earned, banked, and accrued vacation based on such Transferred Employee's salary immediately prior to the Hire Date. At any time and from time to time during the Employee

Review Period, at Buyer's request, Sellers will prepare a report of the amounts accrued by Sellers and their Affiliates for vacation benefits of the Closing Workforce. To the extent that Buyer provides such benefits to the Transferred Employees as a result of such accruals (rather than as a result of accruals from service after the Transferred Employee's Hire Date), Sellers will remit to Buyer the amount of such accruals as a reduction of the Purchase Price.

(e) Buyer will provide or cause to be provided to each Transferred Employee and their qualified beneficiaries who incur a "qualifying event" (as defined in COBRA) on or after such Transferred Employee's Hire Date continuation health coverage in accordance with the continuation health coverage requirements of COBRA.

5.3.3. WARN Act Compliance.

Sellers do not anticipate terminating the employment of any member of the Closing Workforce prior to Closing as a result of the Contemplated Transactions. Buyer will, at its expense, effect or cause the HPL Entities or its other Affiliates to effect full compliance with the Worker Adjustment and Retraining Notification Act ("WARN Act") and regulations promulgated thereunder, and any comparable state or local Applicable Law, required as a result of the Contemplated Transactions, regardless of whether the obligation to do so is that of Buyer, Sellers, their Affiliates, or the HPL Entities. Buyer agrees to indemnify Sellers for any damages, costs, fees, including but not limited to attorneys' fees, penalties, or other legal obligations under the WARN Act or comparable state or local Applicable Law, resulting from the Contemplated Transactions.

5.4. Discontinuation of Intercompany Transactions.

Effective as of the Closing, and consistent with the determination of Net Working Capital, all intercompany receivables and payables and loans including amounts due to or from the HPL Entities under the AEP System Amended and Restated Non-Utility Money Pool Agreement then existing between any HPL Entity on the one hand and AEP or any of its Affiliates on the other hand (other than those between the HPL Entities) shall be fully settled so that there are, as of the Valuation Time, no such outstanding payables, receivables, or loans except as set forth in Sellers' Disclosure Schedules. Without limitation of the foregoing, all accruals of federal income tax and state income tax, all deferred tax liabilities, and all deferred tax assets will be eliminated from the accounts of the HPL Entities. Except as set forth in Sellers' Disclosure Schedules, all intercompany agreements or arrangements between any HPL Entity on the one hand and AEP or any of its Affiliates on the other hand including agreements for accounting services and access to accounting processes (other than those between the HPL Entities) shall be terminated as of the Valuation Time.

5.5. Termination and Continuation of Certain Insurance Coverages.

5.5.1. Buyer acknowledges that as of Closing the insurance coverages relating to the Business and described as "Terminating Insurance Coverages" in Sellers' Disclosure Schedules will terminate or otherwise cease to be in effect, except with respect to claims of any of the HPL Companies that are pending under such insurance coverage as of the Closing Date, which shall survive the Closing Date and continue in effect until resolution thereof. No HPL Company will be entitled to any refund of any premium paid with respect to any such coverage. Except as otherwise provided in this Agreement, Buyer agrees that it will be solely responsible for, and neither Sellers nor any of their Affiliates will have any responsibility for, all risks as to which a claim for coverage under any of the Terminating Insurance Coverages may have otherwise been brought after Closing.

5.5.2. Until December 20, 2006, and thereafter at the option and expense of Sellers, Buyer will maintain, or cause the HPL Entities to maintain, continuously in force Chubb Custom Insurance Company Policy Number 3725-37-46 (or an equivalent policy from an insurer acceptable to Sellers in their sole discretion) covering insured losses, providing for deductibles and limits, and including endorsements, in each case, as presently set forth in such policy, and naming AEP and its Affiliates as additional named insureds. Buyer shall notify Sellers at least 60 days prior to the end of the coverage period of its intention to not renew the above-described policy. If such coverage is extended at the option and expense of Sellers, Sellers shall have the sole right to modify and limit coverage at their discretion.

5.6. Substitutions of Credit Support.

Buyer shall, within 30 days following the Closing Date, cause itself or one or more of its Affiliates to be substituted in all respects for Sellers or one or more of their Affiliates, as the case may be, in respect of all obligations of Sellers or any of their Affiliates under each and every guaranty, indemnity agreement, surety bond, performance bond, letter of credit, support agreement, keep-well agreement, third party collateral assignment or other pledge of collateral, or other credit support arrangement of any kind supporting the credit or facilitating the transactions of any of the HPL Companies in connection with the Business (each a "Credit Support Arrangement") and shall cause Sellers and each of their Affiliates, as the case may be, to be discharged from all obligations under any such Credit Support Arrangement. The Credit Support Arrangements include those listed in Schedule 5.6 of Sellers' Disclosure Schedules. If Buyer is unable to timely effect such substitution with respect to any Credit Support Arrangement on terms acceptable to Buyer, then Buyer will immediately obtain a letter of credit, on terms and from a financial institution reasonably satisfactory to Sellers, with respect to the obligations of Sellers and each of their Affiliates under such Credit Support Arrangement.

5.7. Claims for Certain Measurement Adjustments.

Buyer agrees to remit to Sellers, within 30 days of receipt, any amount receivable within the 18 months following the Closing Date to correct any misallocation, calculation error, measurement problem or similar event relating to performance prior to the Closing Date under any of the HPL Companies' contracts with gas suppliers, gas customers, transportation customers, and storage customers. If any such amount is offset for any reason, the amount so offset will be remitted within 30 days of the date on which the HPL Companies receive credit as a result of such offset. Sellers will have the right to direct Buyer and the HPL Companies in the administration of any contract provision calling for any such a correction to the extent necessary to protect its interests under this Section 5.7. At the expense of Sellers, Sellers shall have the right, in accordance with this Section 5.7 and Section 5.1, to audit the records of the HPL Entities to determine the existence of a right to any such correction and/or the details concerning any such correction and for this purpose will have the right, in accordance with this Section 5.7 and Section 5.1, to review, copy, abstract, and audit all relevant meter data and other relevant information held by or available to the HPL Entities for the relevant period. Buyer will provide Sellers and their representatives and advisors, at no expense to Sellers, with all accounting services, assistance, and access to data during normal business hours to the working papers, accounting, operating, and other books and records of the HPL Entities, and the appropriate personnel to the extent required to exercise Sellers' rights under this Section 5.7. Pursuant to the Transition Services Agreement, Buyer shall also ensure that the employees of Sellers (to the extent they continue to be employed by Sellers or any Affiliate of Sellers and made available under the Transition Services Agreement) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing. Buyer shall also ensure that the Transferred Employees (to the extent they continue to be employed by Buyer or any Affiliate of Buyer) previously involved with the foregoing accounting services and operation activities will perform their customary and usual monthly tasks, including the assistance in the month end closing of the books and records of the HPL Entities, during the periods following the Closing Date for purposes of the foregoing.

5.8. Discontinuance of Trademarks and Tradenames.

Any and all Intellectual Property owned by or licensed to the HPL Companies with respect to the name "Houston Pipe Line Company" or the acronym "HPL" or any variation or derivative thereof (the "Business Marks") shall be retained by the HPL Companies for their use after Closing. Effective upon Closing Sellers shall cause their appropriate Affiliates to grant to the HPL Companies a non-exclusive, non-transferable, non-sublicenseable, royalty-free right to display, solely in connection with the Business, "AEP", "American Electric Power" or any other similar trademarks, service marks, and tradenames owned by or licensed to Sellers or any of their Affiliates (the "Retained Marks"), for a period of time, not to exceed 6 months from the Closing Date, as is reasonably necessary to promptly discontinue such

display, on any stationery, billing stock, signs, vehicles, pipeline markers, manuals, forms, or in connection with the normal operation of computer software, but solely to the extent and in the form that the Retained Marks exist or are contained thereon as of the Closing. At the conclusion of such period, Buyer shall cause each of the HPL Companies to discontinue display or other use of, and license to others of, the Retained Marks.

5.9. Change of Sellers' Names.

At Closing each Seller will take all steps necessary to change its name effective as of the Closing Date so as to eliminate any reference to "HPL".

5.10. Required Notices.

Buyer will timely prepare and file or cause to be prepared and filed, at its own expense, with a complete and contemporaneous copy to Sellers, all notices or other filings required to be filed by any HPL Company or Buyer after Closing with any Governmental Authority as a result of or with respect to the execution and delivery of this Agreement or the Buyer's Documents or the consummation of the Contemplated Transactions. Upon the request of Buyer, Sellers will fully cooperate with Buyer in making any such filing.

5.11. Public Statements.

After the Closing Date, no party will issue any press release or make any public disclosure concerning the Contemplated Transactions or the contents of this Agreement, the Option Agreement, the Cushion Gas Litigation Agreement, the Guaranties, or the Transition Services Agreement without the prior written consent of the other parties, which shall not be unreasonably withheld. Notwithstanding the above, nothing in this Section will preclude any party from making any disclosures required by Applicable Law or necessary and proper in conjunction with the filing of any tax return or other document required to be filed with any Governmental Authority or to comply with the regulations of any securities exchange; *provided*, that the party required to make such disclosure shall allow the other parties reasonable time to review and comment thereon in advance of such disclosure.

5.12. Audit Matters.

Promptly following Closing, Sellers will provide representatives of Buyer, at no expense to Sellers, with all assistance and access to data during normal business hours, including accounting and other books and records of the HPL Entities and Sellers and the appropriate personnel of Sellers and the HPL Entities, reasonably required by Buyer to enable Buyer to prepare for the HPL Entities: (i) an audited balance sheet as may be required or, in the judgment of Buyer, advisable to be filed by Buyer or any Affiliate of Buyer in accordance with Regulation S-X under the Securities Act of 1933, as amended, and related statements of income and cash flows for each of its then three most recent fiscal years, or (ii) other financial statements (including without limitation adjusted historical financial statements), in each case as may be required or

advisable for filings with the Securities and Exchange Commission in compliance with Regulation S-X in connection with or on account of the Contemplated Transactions. Buyer, at its sole expense, shall engage independent auditors to undertake the above-described audit, and if Buyer engages Deloitte & Touche, LLP, Sellers (at no expense to Sellers) will authorize access to that firm's working papers relating to its audit of AEP insofar as they relate exclusively to Sellers and their direct and indirect subsidiaries. It is expressly agreed that no Buyer representative, including the independent auditors engaged by Buyer as contemplated by this Section 5.12, shall have access to any unpublished accounting information or working papers other than those of Sellers and their direct or indirect subsidiaries.

5.13. Post-Closing Title Review.

5.13.1. Within 60 days following the Closing Date, Buyer may conduct a review of the HPL Companies' title to the real property interests described in Exhibit 5.13 to this Agreement, and assert Title Defects against Sellers, in accordance with the procedures set forth in this Section 5.13.

5.13.2. Prior to the expiration of the Defect Examination Period (as defined below), Buyer shall furnish to Sellers written notice(s) (each, a "Defect Notice") specifying in reasonable detail each matter which, in Buyer's opinion, constitutes a Title Defect (including any and all reasonable supporting documentation), and which Buyer wishes to assert as a Title Defect hereunder, together with the costs that Buyer, in good faith, estimates to be the costs necessary to cure or remediate the described Title Defects (each a "Defect Amount"). The "Defect Examination Period" shall mean the period commencing on the Closing Date and ending 30 days after such date. Any Title Defects not asserted by Buyer on or before the expiration of the Defect Examination Period in accordance with this Section 5.13 shall be deemed conclusively to be waived. Sellers shall have no liability for any Defect Amount unless such Defect Amount exceeds $50,000 (a "Qualifying Defect Amount") and until and unless the sum of all Qualifying Defect Amounts exceeds $1,000,000 (the "Title Threshold") and then only to the extent that such sum exceeds the Title Threshold, and Sellers' liability therefor is subject to the Sellers' Cap.

5.13.3. Sellers shall provide a written response to Buyer within 30 days following the expiration of the Defect Examination Period stating, with respect to each Title Defect asserted in the Defect Notice(s), whether or not Sellers agree: (a) that the alleged Title Defect constitutes a Title Defect under the terms of this Agreement; and (b) that Buyer's estimate of the Defect Amount attributable to each Title Defect asserted by Buyer is acceptable to Sellers (the "Response Notice"). If Sellers disagree with Buyer's assertion of the existence of a Title Defect or the Defect Amount with respect thereto, Sellers' Response Notice shall also specify in reasonable detail Sellers' grounds for such disagreement, the Defect Amount estimated in good faith by Sellers therefor, or both, as the case may be. If Sellers do not include in their Response Notice an objection to a Title Defect or to the Defect

Amount, or if Sellers' Response Notice agrees that the alleged Title Defect constitutes a Title Defect under the terms of this Agreement and that Buyer's estimate of the Defect Amount is acceptable, then that Defect Amount shall be the amount taken into consideration under Section 5.13.2, regardless of the costs that Buyer in fact incurs in curing that Title Defect. Sellers and Buyer will attempt in good faith to resolve any disagreements with respect to the matters set forth in Buyer's Defect Notice(s) and Sellers' Response Notice within 30 days following Buyer's receipt of Sellers' Response Notice. If Sellers and Buyer are unable, within such 30 day period, to agree in writing as to the existence or value, as applicable, of any Title Defect, the parties agree to submit the dispute to the Independent Accounting Firm, which shall employ persons who are independent of the parties hereto and are impartial and experienced in the evaluation of matters of the type to be determined. The decision of the Independent Accounting Firm with respect to the disputed matters shall be final and binding on the parties. The parties will direct the Independent Accounting Firm to render its decision with respect to such matters within 15 days after the dispute is submitted, or such reasonably longer period as the Independent Accounting Firm requires in its reasonable discretion. Sellers and Buyer will each promptly provide all information and documents within their respective possession that the Independent Accounting Firm requests in order to make its decision with respect to the disputed matters. The fees of the Independent Accounting Firm will be borne equally by Sellers, on the one hand, and Buyer, on the other hand.

5.13.4. With respect to each Title Defect that has a Qualifying Defect Amount, Sellers may, at their election, either remit to Buyer such Qualifying Defect Amount (after satisfaction of the Title Threshold) or at Sellers' sole cost and expense, and subject to the prior consent of Buyer (such consent not to be unreasonably withheld), cure within the Cure Period (as hereinafter defined) such Title Defect asserted by Buyer for which Sellers are liable hereunder. The "Cure Period" shall mean the period of time commencing on the expiration of the Defect Examination Period and ending 180 days after such date. Immediately following the expiration of the Cure Period, Sellers shall provide Buyer with written evidence of any curative actions which, in Sellers' determination, cure the Title Defect. On or before the expiration of 15 days following Buyer's receipt of such notice, Buyer shall provide to Sellers in writing a list of those Title Defects asserted by Buyer which Sellers claim to have cured pursuant to this Section, and which Buyer determines not to have been cured. For a period of 30 days after Sellers' receipt of Buyer's notice of uncured Title Defects, Sellers and Buyer shall attempt in good faith to resolve disputes as to such items by agreement. In the event that the dispute concerning any uncured Title Defect is not resolved within this 30 day period, then parties are unable to resolve all disputes concerning the existence of Title Defects or Defect Amounts within this 30 day period, then Sellers shall remit to Buyer the Qualifying Defect Amount for such uncured Title Defect (after satisfaction of the Title Threshold).

5.14. Distributions to HPL Consolidation's Partners.

During the period from the Closing Date through and including the Valuation Time, Buyers will not cause or allow HPL Consolidation to make any distributions to its partners.

5.15. Agreement to Cover Open Positions.

In the event that either party determines, within 30 days following the Closing Date, that any Fixed Price Risk as of the end of the trading day immediately before the Closing Date is not hedged as of the Valuation Time, Sellers shall cause AEP Energy Services, Inc. to provide (and Buyer will cause ETC Marketing, Ltd. to accept) offsetting hedges to said Fixed Price Risk from the Closing Date. The obligation of Sellers to provide offsetting hedges shall not apply to volume variances during February 2005 in the normal course of business.

6. SURVIVAL; INDEMNIFICATION

6.1. Survival.

6.1.1. Subject to the following, the representations and warranties of Sellers and Buyer in this Agreement shall, without regard to any investigation made by any party, survive the Closing Date; *provided*, *however*, that (i) the representations and warranties set forth in Sections 3.1, 3.2.1, 3.2.2, 3.4, 3.6, 3.20, 3.21, 4.1, 4.2.1, 4.2.2, and 4.4 hereof shall survive indefinitely, (ii) the representations and warranties set forth in Section 3.16 and Section 3.17.3 hereof shall survive for a period of 90 days after the expiration of the applicable statute of limitations, and (iii) the remainder of the representations and warranties of Sellers in Article 3 and Buyer in Article 4 shall survive the Closing until 12 months thereafter.

6.1.2. No claim for Damages or other relief of any kind, including a claim under Sections 6.2.1(i) or 6.3.1(i), arising out of or relating to any breach of representation or warranty under this Agreement or otherwise arising out of any information alleged to have been provided or not provided by Sellers or any of their Affiliates in connection with this Agreement or the Contemplated Transactions (whether sounding in contract, tort, breach of warranty, securities law, other statutory cause of action, deceptive trade practice, strict liability, product liability, or other theory of liability) may be brought unless suit thereon is filed, or a written notice describing the nature of the claim, the theory of liability or the nature of the relief sought and the material factual assertions upon which the claim is based is given to the other party, before the termination of the applicable Survival Period.

6.1.3. The applicable survival period of each representation or warranty is provided in Section 6.1.1 and each such period is referred to herein as a "Survival Period". Notwithstanding the foregoing, any representation or warranty that would otherwise terminate shall survive for any Damages with respect to which suit thereon is filed and process is served, or of which

notice describing the nature of the claim, the theory of liability, or the nature of the relief sought and the material factual assertions upon which the claim is based is given pursuant to this Agreement, prior to the end of the Survival Period until the matter is finally resolved and any related Damages are paid.

6.2. Indemnification by Seller.

6.2.1. Except as otherwise provided in Article 7 below, Sellers jointly shall defend, indemnify and hold Buyer, its Affiliates and respective successors and permitted assigns, and their respective shareholders, members, partners (general and limited), officers, directors, managers, employees, agents, and representatives, and each of their heirs, executors, successors and assigns ("Buyer Indemnified Parties") harmless from and against and in respect of any and all actual damages relating to any demands, claims, lawsuits, causes of action, losses, investigations and other proceedings (whether or not before a Governmental Authority and whether or not brought by a third party), including reasonable attorney's fees (which shall not include fees on a contingency basis), court costs and other documented out-of-pocket expenses reasonably incurred investigating or preparing, but excluding in all cases any special, indirect, incidental, consequential, or punitive damages (collectively, "Damages") which arise out of (i) any breach by any Seller of any of the representations and warranties contained in this Agreement (except for the representations and warranties set forth in Sections 3.16 (which shall be governed by Article 7 hereof), (ii) any breach of any of the covenants of any Seller in this Agreement, (iii) except to the extent that such liabilities are to be borne by Buyer under Section 5.3.1(c) or pursuant to any Buyer Plans in accordance with the requirements of Section 5.3 or otherwise, any liabilities or obligations with respect to any employee of any Seller or with respect to any employee of any HPL Entity if arising out of or related to employment by an HPL Entity prior to the Closing Date, any contributions, payments or other obligations arising out of the administration, sponsorship or participation of the Closing Workforce in any Benefit Plan with respect to periods of service prior to the Closing Date, and, except as provided in Section 5.3.1(c), any severance or other liabilities owed to any such employee who does not become a Transferred Employee in accordance with Section 5.3, (iv) any Proceeding pending or which may be asserted with respect to any Retained Matter, but only to the extent of Sellers' Retained Matter Responsibility, (v) any personal injury or property damage loss claims arising from the ownership or operations by the HPL Companies of their assets or the Business prior to the Closing Date that is first threatened, asserted, or brought after the Closing Date, (vi) any obligations to make a correcting adjustment under any of the HPL Companies' contracts with gas suppliers, gas customers, transportation customers, and storage customers as a result of any misallocation, calculation error, measurement problem or similar event relating to performance under such contract prior to the Closing Date, (vii) other than claims arising under this Agreement or any other agreement or arrangement

entered into at or in connection with the Closing and claims under affiliate transactions that are identified in Schedule 5.4 of Sellers' Disclosure Schedules, any claims by Sellers or any of their Affiliates or any of their respective officers, directors, partners, shareholders or members, including claims of any Person that served as an officer or manager of any HPL Company, against any HPL Company to the extent such claims relate to the period of time prior to the Closing Date or relate to the Contemplated Transactions, specifically including claims under or with respect to any of the affiliate transactions terminated in accordance with Sections 3.20 and 5.4, and (viii) the failure, prior to the Closing Date, to obtain any of the Seller Consents or HPL Company Consents required to be obtained prior to the Closing Date.

6.2.2. The foregoing obligation to indemnify Buyer Indemnified Parties set forth in Section 6.2.1 shall be subject to each of the following limitations.

(a) Sellers' indemnification obligations under Section 6.2.1(i) shall be subject to the Survival Period limitations set forth in Section 6.1.

(b) Sellers' indemnification obligations set forth in Section 6.2.1(v) shall be limited such that Sellers shall only be liable thereunder to the extent that a written claim describing the nature of the claim, the theory of liability, or the nature of the relief sought and the material factual assertions upon which the claim is based is given to Sellers prior to the first anniversary of the Closing Date.

(c) Sellers' indemnification obligations set forth in Section 6.2.1(vi) shall be limited such that Sellers shall only be liable thereunder to the extent that a written claim describing the nature of the claim, the theory of liability, or the nature of the relief sought and the material factual assertions upon which the claim is based is given to Sellers within 18 months following the Closing Date.

(d) Sellers' indemnification obligations set forth in Section 6.2.1(iii) shall be limited such that Sellers shall only be liable thereunder to the extent that a written claim describing the nature of the claim, the theory of liability, or the nature of the relief sought and the material factual assertions upon which the claim is based is given to Sellers within 90 days after the expiration of the applicable statute of limitations.

(e) No reimbursement or payment for any Damages asserted against Sellers under Section 6.2.1(i) (other than for breach of Sellers' representations and warranties set forth in Sections 3.1, 3.2.1, 3.2.2, 3.4, 3.6, and 3.9.2, which are not subject to the Sellers' Threshold) or 6.2.1(v) shall be required unless and until the cumulative aggregate amount of such Damages for all claims

arising thereunder equals or exceeds $10,000,000 (the "Sellers' Threshold") and then only to the extent that the cumulative aggregate amount of Damages, as finally determined, exceeds the Sellers' Threshold.

(f) Notwithstanding anything to the contrary contained in this Agreement, Sellers' aggregate liability to Buyer and its Affiliates for all Damages under Sections 6.2.1(i) (other than for breaches of Sellers' representations and warranties set forth in Section 3.6, which are not subject to Sellers' Cap), 6.2.1(v), and 6.2.1(vi) and those items of Sellers' Retained Matter Responsibility that are shown in Sellers' Disclosure Schedules to be subject to Sellers' Cap shall not exceed $220,000,000 ("Sellers' Cap").

(g) In addition to the limitation set forth in Section 6.2.2(e) above, Sellers' indemnification obligations with respect to Section 3.18 are subject to the additional limitations set forth below:

(i) Sellers shall only be liable to the extent that a claim is provided to Sellers in a reasonably detailed written communication prior to the first anniversary of the Closing Date and Buyer shall afford Sellers a reasonable opportunity to evaluate the conditions giving rise to such claim.

(ii) Sellers shall not be responsible for any Damages that arise out of any action to meet a cleanup or remedial standard under any Environmental Law that is more stringent or costly than necessary for the continued ownership or use of any property or facility as it was last owned or used by the HPL Entities prior to the Closing Date in compliance with Environmental Laws applicable as of the Closing Date.

(iii) Sellers shall not be responsible for any costs of any post-Closing construction, demolition, or renovation of any facilities owned, leased, or operated by the HPL Entities including any asbestos abatement obligations arising from such activities, except to the extent that such activities are required to comply with Applicable Law, and such non-compliance was a breach under Section 3.18.

(iv) Sellers shall be entitled, but not obligated, to undertake and control, with Buyer Indemnified Parties' reasonable participation, any investigation, remediation or other action required by Environmental Laws (and any negotiation with Governmental Authorities regarding same) with respect to any matter to the extent covered by

Sellers' indemnification for a breach of Section 3.18, but in doing so they must use their commercially reasonable efforts to avoid any unreasonable interference with the operations of Buyer, the HPL Entities, or any of their Affiliates. Buyer Indemnified Parties shall cause the HPL Entities to afford Sellers reasonable access to any relevant property or facility to undertake any such investigation, remediation or other action (it being understood that if Sellers do not assume responsibility for undertaking actions pursuant to this subsection, Buyer Indemnified Parties may undertake to complete such actions in a reasonably cost effective manner, and Sellers shall have a right to reasonable participation in such undertaking). Sellers will promptly repair and restore any damage to the property of an HPL Entity caused by Sellers in connection with any such investigation, remediation, or other action as close as reasonably practicable to the former condition of such property, and Sellers will indemnify Buyer and the HPL Entities from and against any Damages related to or arising from Sellers' or their agents' or employees' performance of the remediation work or their presence on the premises of Buyer or the HPL Entities. Sellers will perform any investigation, remediation, or other action undertaken by Sellers hereunder in a reasonably diligent manner and in compliance with all Applicable Laws, including Environmental Laws.

6.2.3. The indemnities provided in this Section 6.2 shall survive the Closing. The indemnity provided in this Section 6.2 shall be the sole and exclusive remedy of the indemnified party against the indemnifying parties at law or equity for any matter covered by Section 6.2.1.

6.2.4. Except as otherwise set forth in Section 6.2, Buyer shall give Sellers prompt written notice of any third party claim which may give rise to any indemnity obligation under this Section, together with the estimated amount of such claim, and Sellers shall have the right to assume the defense of any such claim through counsel of their own choosing, by so notifying Buyer within 60 days of receipt of Buyer's written notice under this paragraph; *provided*, *however*, that Sellers' counsel shall be reasonably satisfactory to Buyer. Failure to give prompt notice shall not affect the indemnification obligations hereunder in the absence of actual prejudice. If Buyer desires to participate in any such defense assumed by Sellers, it may do so at its sole cost and expense but Sellers shall retain control of any assumed defense. If Sellers decline to assume any such defense, they shall be liable for all reasonable costs and expenses of defending such claim incurred by Buyer, including reasonable fees and disbursements of counsel.

6.2.5. Sellers shall have no indemnification obligation to Buyer with respect to any Damages arising from or relating to the condition, remaining useful life, or structural integrity of the pipeline or gas storage assets (or related equipment or facilities) of the HPL Entities unless such Damages arise out of Sellers' breach of a representation or covenant in this Agreement.

6.3. Indemnification by Buyer.

6.3.1. Except as otherwise provided in Article 7 below, Buyer shall defend, indemnify and hold each Seller, their respective Affiliates and respective successors and permitted assigns, and their respective shareholders, members, partners (general and limited), officers, directors, managers, employees, agents, and representatives, and each of their heirs, executors, successors and assigns ("Seller Indemnified Parties") harmless from and against and in respect of any and all Damages which arise out of (i) any breach of any of the representations and warranties contained in this Agreement, (ii) any breach of any of the covenants of Buyer in this Agreement, (iii) activities of the HPL Companies after the Closing Date except to the extent any liability with respect thereto is included in Sellers' Retained Matter Responsibility or is otherwise the responsibility of Sellers under another express provision of this Agreement, and (iv) any liability incurred or amount paid by AEP or any of its Affiliates under any Credit Support Agreement with respect to events or circumstances arising after the Closing Date.

6.3.2. The foregoing obligation to indemnify Seller Indemnified Parties set forth in Section 6.3.1 shall be subject to each of the following limitations:

(a) Buyer's indemnification obligations under Section 6.3.1(i) shall be subject to the Survival Period limitations set forth in Section 6.1.

(b) No reimbursement or payment for any Damages asserted against Buyer under Sections 6.3.1(i) or 6.3.1(iii) shall be required unless and until the cumulative aggregate amount of such Damages for all claims arising thereunder equals or exceeds $10,000,000 (the "Buyer's Threshold") and then only to the extent that the cumulative aggregate amount of Damages, as finally determined, exceeds the Buyer's Threshold.

(c) Notwithstanding anything to the contrary contained in this Agreement, Buyer's liability to Seller Indemnified Parties for Damages in excess of Buyer's Threshold under Section 6.3.1(i) shall not exceed $220,000,000 ("Buyer's Cap").

6.3.3. Sellers shall give Buyer prompt written notice of any third party claim which may give rise to any indemnity obligation under this Section, together with the estimated amount of such claim, and Buyer shall have the right to assume the defense of any such claim through counsel of its own choosing, by so notifying Sellers within 60 days of receipt of Sellers' written notice under this paragraph; *provided, however*, that Buyer's counsel shall be reasonably satisfactory to Sellers. Failure to give prompt notice shall not affect the indemnification obligations hereunder in the absence of actual prejudice. If Sellers desire to participate in any such defense assumed by Buyer they may do so at their sole cost and expense. If Buyer declines to assume any such defense, it shall be liable for all costs and expenses of defending such claim incurred by Sellers, including reasonable fees and disbursements of counsel. No party shall, without the prior written consent of the other parties, which shall not be unreasonably withheld, settle, compromise or offer to settle or compromise any such claim or demand on a basis which would result in the imposition of a consent order, injunction or decree which would restrict the future activity or conduct of the parties or any Affiliate thereof or if such settlement or compromise does not include an unconditional release of the other parties for any liability arising out of such claim or demand.

6.3.4. The indemnities provided in this Section 6.3 shall survive the Closing. The indemnity provided in this Section 6.3 shall be the sole and exclusive remedy of the indemnified parties against the indemnifying party at law or equity for any matter covered by Section 6.3.1.

6.4. Indemnification Net of Benefits; Mitigation Obligations of Indemnitee.

The Damages recoverable by any Indemnified Party under this Article 6 shall be calculated after giving effect to the actual receipt of any available insurance proceeds, third party indemnification or contribution payment, or other similar right of recovery (collectively, "Recoveries") paid or payable to the Indemnified Party. In computing the amount of any Recovery, (i) such Recovery shall be reduced by a reasonable estimate of the present value of future insurance premium increases that the Indemnified Party may reasonably expect to bear to the extent attributable to the payment of insurance proceeds included in the Recovery and (ii) insurance proceeds which are ultimately borne by the Indemnified Party under any self-insurance, retrospective premium, deductible or comparable arrangement shall not be taken into account. In all cases in which a Person is entitled to be indemnified under this Article 6, such Indemnified Party shall be under a duty to take all commercially reasonable measures to mitigate all such Damages.

7. TAX MATTERS

7.1. Tax Indemnification.

7.1.1. In accordance with Section 7.3 hereof and except to the extent that such liabilities are included in the computation of Net Working Capital, Sellers shall indemnify and hold Buyer and its Affiliates harmless from and against (i) all liability for Taxes of, or pertaining or attributable to the HPL

Companies with regard (x) to all taxable periods ending as of or prior to the Closing Date (the "Pre-Closing Period") (y) with respect to any Tax period beginning prior to the Closing and ending after the Closing (the "Straddle Period"), the portion of Taxes attributable to the portion of such taxable period beginning before (but not ending on) the Closing Date shall be calculated as though the tax year terminates as of Closing; *provided*, *however*, that in the case of a Tax not based on income, receipts, proceeds, profits, or similar items, such Taxes shall be equal to the amount of Tax for the taxable period multiplied by a fraction, the numerator of which shall be the number of days from the beginning of the taxable period up to but not including the Closing Date and the denominator of which shall be the total number of days in the taxable period; and (ii) all Taxes arising out of or related to a breach of any of the representations and warranties set forth in Section 3.16 of this Agreement.

7.1.2. Except for any Liabilities associated with Sellers' Retained Interest in each HPL Entity after the Closing and any Liabilities for which Sellers are required to indemnify Buyer under Section 7.1.1 hereof, Buyer shall indemnify and hold Sellers and each of their Affiliates harmless from and against any and all Taxes of, or pertaining or attributable to, the HPL Entities with respect to any taxable period that begins on or after the Closing.

7.2. Preparation and Filing of Tax Returns.

7.2.1. With respect to any Tax which is based on federal income, any Tax election relating thereto, and with respect to any Tax accounting method, for any Pre-Closing Period, Sellers, without the consent of Buyer, shall be entitled to file any amended Tax Return with respect to any Tax which Sellers deem appropriate, as determined in Sellers' sole discretion, provided that no filing may change the status of any HPL Companies as disregarded entities for federal income tax purposes. For all other Taxes, either Buyer or Sellers, as appropriate, shall be entitled to file an amended Tax Return provided that: (i) Buyer may not amend a Tax Return in such a manner that would cause Sellers to have any indemnification obligations under Section 7.1.1 hereof, and further provided that no filing may change the status of any HPL Companies as disregarded entities for federal income tax purposes for any Pre-Closing Period, and (ii) Sellers may not amend any Tax Return for a Tax not based on income without the consent of Buyer which consent shall not be unreasonably withheld. To the extent not made for previous tax years, Sellers agree to make a timely and valid 754 election for MidTexas Pipeline Company for the period ending December 31, 2004. Sellers shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the HPL Companies for all Pre-Closing Periods, and shall pay all Taxes due with respect to such Tax Returns except to the extent that the liability for such Taxes is included as a liability in the computation of Net Working Capital.

7.2.2. Buyer and Sellers agree to provide such assistance as may reasonably be requested by such other party in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes, and any deadline imposed by this Agreement on Buyer or Sellers in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes will be extended as appropriate in light of any party's failure to promptly make such assistance available, and each will retain and provide the requesting party with any records or information which may be relevant to such return, audit or examination, proceedings or determination. Any information obtained pursuant to this Section 7.2.2 or pursuant to any other Section hereof providing for the sharing of information relating to or review of any Tax Return or other schedule relating to Taxes shall be kept confidential hereto in accordance with Section 8.2.

7.3. Procedures Relating to Indemnification of Tax Claims.

7.3.1. If a claim regarding liability for a Tax or with respect to a Tax Return shall be made by any Governmental Authority, for which Sellers are or may be liable pursuant to this Agreement, Buyer shall notify Sellers in writing within 10 Business Days of receipt by Buyer of notice of such claim (a "Tax Claim").

7.3.2. With respect to any Tax Claim, Sellers, at Sellers' expense, shall control all proceedings taken in connection with such Tax Claim (including selection of counsel), and Buyer shall execute or cause to be executed powers of attorney or other documents necessary to enable Sellers to take all actions that do not materially adversely affect Buyer or the HPL Companies with respect to such Tax Claim. Sellers shall permit Buyer to participate in (but not control) such proceedings through counsel chosen by Buyer (but the fees and expenses of such counsel shall be paid by Buyer). Sellers may in their sole discretion pursue or forego any and all administrative appeals, proceedings, hearings and conferences with any taxing authority with respect to such Tax Claim, and may initiate any claim for refund, file and amended return, or take any other action which is deemed appropriate by Sellers with respect to such Tax Claim, *provided* such actions do not materially adversely affect Buyer or the HPL Companies.

7.3.3. Buyer and its Affiliates (including after the Closing, the HPL Companies), on the one hand, and Sellers, on the other hand, shall cooperate with each other in contesting any Tax Claim, which cooperation shall include, without limitation, the retention and, at the contesting party's request and expense, the provision of records and information which are reasonably relevant to such Tax Claim, and making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder or to testify at proceedings relating to such Tax Claim.

7.4. Tax Refunds and Credits.

Any refund or credits of Taxes paid or payable that are attributable to the HPL Companies for any Pre-Closing Period will be for the account of Sellers. Any refunds or credits of Taxes paid or payable that are attributable to the HPL Companies for any other taxable period will be for the account of Buyer and Seller with respect to each Buyer's interest in and Sellers' Retained Interest in each HPL Entity. Buyer shall, if Sellers so request and at Sellers' expense, cause the HPL Entities to file for and obtain any refunds or credits to which Sellers are entitled. Buyer shall cause the HPL Entities to forward to Sellers any such refund within 10 days after the refund is received (or reimburse Sellers for any such credit within 10 days after the credit is applied against another Tax liability); *provided*, *however*, that Sellers shall indemnify Buyer in accordance with Section 7.3 hereof for any amount paid pursuant to this Section 7.4 if any such refund or credit is subsequently disallowed.

7.5. Tax Treatment of Payments.

The Parties shall treat any indemnification payment made pursuant to this Agreement as a purchase price adjustment for Tax purposes.

7.6. Transfer Taxes.

All Transfer Taxes incurred in connection with this Agreement and the transactions shall be borne by the person upon whom such tax is imposed by Applicable Law. Sellers shall file, to the extent required by Applicable Law, all necessary Tax Returns and other documentation with respect to such Transfer Taxes. Buyer shall, to the extent required by Applicable Law, join in the execution of any such Tax Return. For purposes of this Agreement, "Transfer Taxes" shall mean transfer, documentary, sales, use, registration, and other such taxes (including all applicable real estate transfer taxes). Prior to the Closing Date, Buyer shall provide to Sellers appropriate exemption certificates in connection with this Agreement and the Contemplated Transactions with respect to each applicable Taxing Authority.

7.7. Termination of Participation in Tax Allocation Agreement.

As of the Closing Date, none of the HPL Entities will be parties to that certain agreement known as the American Electric Power Company, Inc. and Its Consolidated Affiliates Tax Agreement under Title 17, Chapter II of the Code of Federal Regulations Paragraph (c) of Section 250.45 Regarding Method of Allocating Consolidated Income Taxes and said agreement shall have no further effect for any taxable year of any HPL Company (whether there is an adjustment for the current year, a future year, or a past year).

7.8. Allocation of the Purchase Price.

The Purchase Price will be allocated in accordance with Exhibit 7.8 hereto. After the Closing, the parties will make consistent use of the allocation, fair market value, and useful lives specified in Exhibit 7.8 hereto for all Tax purposes and in all Tax Returns,

including those required by section 1060 of the Code. Buyer will prepare and deliver IRS Form 8594 to Sellers within 45 days after the Closing Date. The Form 8594 will be amended, subject to the mutual consent of both parties, from time to time to reflect any adjustments subsequently made to the Purchase Price. In any Proceeding relating to the determination of any Tax, neither Buyer nor any Seller contend, agree, or represent that such allocation is not a correct allocation or agree to any allocation other than that set out in the Form 8594 as amended from time to time.

8. GENERAL PROVISIONS

8.1. Notice Provisions.

Any notice that is required or permitted under this Agreement may be given by personal delivery to the party entitled thereto, by facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U.S. Certified or Registered Mail, return receipt requested, addressed to the party entitled thereto, at:

If to HPL Storage LP:	HPL Storage LP c/o American Electric Power Company, Inc. Attention: Chief Financial Officer 1 Riverside Plaza Columbus, OH 43215 Facsimile No.: (614) 716-1603
with copy to:	Clark, Thomas & Winters, P.C. Attention: C. Joseph Cain 300 West 6th Street, 15 th Floor Austin, Texas 78701 Facsimile No.: (512) 474-1129
with copy to:	American Electric Power Company, Inc. Attention: Randy G. Ryan 1 Riverside Plaza Columbus, Ohio 43215 Facsimile No.: (614) 583-1603
If to AEP Energy Services Gas Holding Company II, L.L.C.:	AEP Energy Services Gas Holding Company II, L.L.C. c/o American Electric Power Company, Inc. Attention: Chief Financial Officer 1 Riverside Plaza Columbus, OH 43215 Facsimile No.: (614) 716-1603

with copy to:	Clark, Thomas & Winters, P.C. Attention: C. Joseph Cain 300 West 6th Street, 15 th Floor Austin, Texas 78701 Facsimile No.: (512) 474-1129
with copy to:	American Electric Power Company, Inc. Attention: Randy G. Ryan 1 Riverside Plaza Columbus, Ohio 43215 Facsimile No.: (614) 583-1603
If to Buyer:	La Grange Acquisition, L.P. Attention: Clay Kutch 2838 Woodside Street Dallas, Texas 75204 Facsimile No.: (214)-981-0703
with copy to:	Hunton & Williams LLP Attention: Joe A. Davis Energy Plaza, 30th Floor 1601 Bryan Street Dallas, Texas 75201 Facsimile No.: (214) 880-0011
with copy to:	Energy Transfer Partners, L.P. Attention: Robert A. Burk 8801 S. Yale, Suite 310 Tulsa, Oklahoma 74137 Facsimile No.: (918) 493-7290

Any notices will be sent to the address or facsimile number when permitted, as specified in this Agreement or at such other address or facsimile number for a party as it may specify in writing to the other parties from time to time. Any notice properly given to the proper address will be deemed to have been given when dispatched.

8.2. Confidentiality.

Each of the parties hereby agrees, except in order to comply with Applicable Law and any applicable stock exchange rules and regulations, not to disclose (or permit any of their Affiliates to disclose), in whole or in part, this Agreement or any information disclosed by one party to the other parties during the period beginning on the effective date of the Confidentiality Agreement and ending on the Closing Date and which constituted or would constitute "Confidential Information" under the Confidentiality Agreement (collectively, the "Confidential Information") to any Person, other than an Affiliate of a party who requires such Confidential Information in connection with the consummation of Contemplated Transactions, for a period of 2 years from the Closing Date without having first obtained the prior written consent of the disclosing party. Additionally, each of the parties hereby agrees not to use (or permit any of its Affiliates to use) any of the Confidential Information for any purpose other than the exercise of that party's rights and the performance of its obligations under this Agreement and the consummation of the Contemplated Transactions, including the conduct by Buyer and its Affiliates of the Business. Additionally, Sellers agree not to disclose, except in order to comply with Applicable Law and any applicable stock exchange rules and regulations, or use (or permit any of their Affiliates to so disclose or use), for a period of 2 years from the Closing Date, any information and documents relating to the Business that are of a proprietary nature to Sellers, the HPL Companies, or their Affiliates, including market and competitive information, customer lists, technology, know how, and trade secrets (collectively, the "Business Information"), and to otherwise treat such information and documents as Confidential Information for all purposes hereunder. Each of the parties further agrees to protect the Confidential Information by using the same degree of care, but not less than a reasonable degree of care, to prevent the unauthorized use, dissemination, or publication of the Confidential Information as such party uses to protect its own confidential information of a like nature. The provisions of this Section 8.2 impose no obligation upon a party with respect to specific Confidential Information which (a) except for Business Information in possession of Sellers, was in such party's possession before receipt from the disclosing party as evidenced by written records; (b) is or becomes a matter of public knowledge through no fault of such party; (c) except for Business Information in possession of Sellers, is rightfully obtained by such party from a third party who represents that it is free to pass on such information without a duty of confidentiality and the receiving party has no knowledge of any such duty of confidentiality; (d) is disclosed by the disclosing party to a third party without a duty of confidentiality on the third party; or (e) except for Business Information in possession of Sellers, is independently developed by such party as evidenced by written records. It is understood and agreed that the terms of this Section 8.2 shall apply to, and the terms of the Confidentiality Agreement shall not be applicable to, any Confidential Information disclosed by one party to the other parties after the date hereof.

8.3. Schedules and Exhibits.

All Schedules and Exhibits hereto are incorporated herein by reference and made a part of this Agreement. Any fact or item which is disclosed in any part of any Schedule or Exhibit hereto or in the HPL Financial Statements or the notes thereto will be deemed to have been disclosed in every part of such Schedules and Exhibit where it is reasonably apparent that such fact or item is relevant to the matters there under consideration, notwithstanding the omission of a reference or cross-reference thereto.

8.4. Interest on Overdue Amounts.

Any amount due to a party under this Agreement will earn interest accruing daily from the due date thereof until paid at the Borrowing Rate.

8.5. Amendment.

No amendment to this Agreement will be valid or binding unless and until reduced to writing and executed by each party's authorized representative.

8.6. Merger and Integration; Binding on Successors; No Third Party Beneficiaries; Assignment.

This Agreement sets out the entire understanding of the parties with respect to the matters it purports to cover and supersedes all prior communications, agreements and understandings, whether written or oral, concerning such matters. No party will be liable or bound to any party in any manner by any warranties, representations, or covenants other than those set forth in this Agreement and the instruments to be executed and delivered at Closing. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. No party to this Agreement shall have the right to assign this Agreement, or any of its rights or obligations hereunder, without the written consent of the other parties (such consent not to be unreasonably withheld); *provided*, *however*, that without the consent of the other parties, a party hereto may assign this Agreement, and its rights and obligations hereunder, to an Affiliate of such party but, in such event, the assigning party will not be released from its obligations hereunder.

8.7. Forbearance and Waiver.

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any party's forbearance in the exercise or enforcement of any right or remedy under this Agreement will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

8.8. Partial Invalidity.

Any invalidity, illegality or unenforceability of any provision of this Agreement in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

8.9. Attorney's Fees.

In the event of any suit, action, or arbitration proceedings (whether based on contract, tort, or any other theory of liability) to enforce any provision of this Agreement, to recover damages for a breach hereof, or to secure or preserve the rights of any party against any other party to any property which is the subject of this Agreement, the prevailing party will be entitled to recover reasonable attorney fees (other than fees computed on a contingency fee basis), court costs and expenses of arbitration and litigation expended in the prosecution or defense thereof.

8.10. Governing Law; Jurisdiction and Venue.

THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER WILL BE INTERPRETED, CONSTRUED, AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE COURTS OF SUCH JURISDICTION IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT AGAINST IT RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW (AND ASSUMING EFFECTIVE SERVICE OF PROCESS), EACH PARTY HERETO HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION, OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION, OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION, OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY DOCUMENT OR INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURT. EACH PARTY HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR ADMINISTRATIVE NOTICE SET FORTH HEREIN OR ANY OTHER METHOD AUTHORIZED BY THE LAWS OF NEW YORK.

8.11. Waiver of Right to Jury Trial.

To the fullest extent permitted by law, and as separately bargained-for-consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this Agreement or the Contemplated Transactions.

8.12. Construction.

This Agreement was prepared jointly by the parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

8.13. Multiple Counterparts.

This Agreement may be executed by the parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

8.14. Further Assurances.

Upon request from time to time, Sellers and Buyer shall execute or cause to be executed and delivered such other documents and instruments and do such other acts as may be reasonably necessary or appropriate to consummate the Contemplated Transactions.

8.15. Headings.

The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

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Executed to be effective as provided above:

HPL Storage LP

By: HPL Storage, Inc.
its General Partner

By: /s/ Ronald A. Erd
Name: Ronald A. Erd
Title: President

AEP Energy Services Gas Holding Company II, L.L.C.

By: HPL Storage LP, its Sole Member

By: HPL Storage, Inc., its General Partner

By: /s/ Ronald A. Erd
Name: Ronald A. Erd
Title: President

La Grange Acquisition, L.P.

By: LA GP, LLC,
its General Partner

By: /s/ Kelcy L. Warren
Name: Kelcy L. Warren
Title: Co-CEO

EXHIBIT 1.1

DEFINITIONS

Terms defined in this Exhibit 1.1 will have the meanings set forth in this Exhibit.

	TERM	DEFINITION
1.	AEP	American Electric Power Company, Inc.
2.	AEP Gas Holding II	As defined in the first paragraph of the Agreement.
3.	AEPSC	As defined in Section 2.4.1(f) of the Agreement.
4.	Affiliate	An "Affiliate" of a Person is any Person directly or indirectly controlling, controlled by, or under common control with the first such Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
5.	Agreement	This Purchase and Sale Agreement, together with all exhibits, schedules, and appendices attached hereto, as any of the same may be amended from time to time in accordance with the provisions hereof.
6.	Applicable Law	Any statute, law, ordinance, executive order, rule, or regulation (including a regulation that has been formally promulgated in a rule making proceeding but, pending final adoption, is in proposed or temporary form having force of law); guideline or notice having force of law; or approval, permit, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, as in effect from time to time.
7.	Assignment and Assumption Agreement	As defined in Section 2.4.1(a) of the Agreement.
8.	Bammel Documents	As defined in the Cushion Gas Litigation Agreement.

TERM		DEFINITION
9.	Bammel Facilities	An underground natural gas storage reservoir located near Houston, Texas, known as the Bammel storage reservoir, and certain appurtenant pipelines, compressors, wells, pipes, and other equipment and related facilities
10.	Bammel Gas Inventory Verification	As defined in paragraph 1.1 of Exhibit 2.2.4 of the Agreement.
11.	Bammel Inventory Recomputation Event	As defined in Section 2.2.4(c) of the Agreement.
12.	Bammel Settlement Agreement	As defined in the Cushion Gas Litigation Agreement.
13.	Bammel Settlement Approval Order	As defined in the Cushion Gas Litigation Agreement.
14.	Benefit Plans	As defined in Section 3.17.3 of the Agreement.
15.	Borrowing Rate	The lesser of the prime rate as published in The Wall Street Journal, or the maximum rate permitted by Applicable Law.
16.	Business	As defined in Recital B of the Agreement.
17.	Business Day	Any day other than a Saturday, Sunday, or Holiday.
18.	Business Information	As defined in Section 8.2 of the Agreement.
19.	Business Insurance Policies	As defined in Section 3.12 of the Agreement.
20.	Buyer	As defined in the first paragraph of the Agreement.
21.	Buyer Indemnified Parties	As defined in Section 6.2.1 of the Agreement.
22.	Buyer Plans	As defined in Section 5.3.2(b) of the Agreement.
23.	Buyer’s Cap	As defined in Section 6.3.2(c) of the Agreement.
24.	Buyer’s Disclosure Schedules	Those certain disclosure schedules delivered by Buyer to Sellers concurrently with Buyer’s execution and delivery of the Agreement.
25.	Buyer’s Documents	As defined in Section 4.2.1 of the Agreement.
26.	Buyer’s Guarantor	As defined in Section 2.4.2(h) of the Agreement.
27.	Buyer’s Limited Guaranty	As defined in Section 2.4.2(h) of the Agreement.

TERM		DEFINITION
28.	Buyer's Statement of Recomputed Bammel Inventory	As defined in Section 2.2.4(c) of the Agreement.
29.	Buyer's Threshold	As defined in Section 6.3.2(b) of the Agreement.
30.	Cause	As defined in Section 5.3.1(b) of the Agreement
31.	Closing	As defined in Section 2.3 of the Agreement.
32.	Closing Date	As defined in Section 2.3 of the Agreement.
33.	Closing Payment	As defined in Section 2.2.2 of the Agreement.
34.	Closing Workforce	As defined in Section 3.17.1 of the Agreement.
35.	COBRA	Section 4980B of the Code and Title 1, Subtitle B, Part 6 of ERISA, each as amended.
36.	Code	The Internal Revenue Code of 1986, as amended from time to time, and regulations or other Applicable Law promulgated thereunder.
37.	Commonly Controlled Entity	As defined in Section 3.17.3 of the Agreement.
38.	Confidential Information	As defined in Section 8.2 of the Agreement.
39.	Confidentiality Agreement	That certain Confidentiality Agreement dated as of December 16, 2004 between AEPSC, as agent for the Affiliates of AEP and Energy Transfer Partners, L.P.
40.	Contemplated Transactions	Each and all of the transactions contemplated by this Agreement to be undertaken between or among the parties hereto.
41.	Continuation Period	With respect to each Transferred Employee, the period from each such employee's Hire Date through the last day of the month in which occurs the first anniversary of such Hire Date.
42.	Credit Support Arrangement	As defined in Section 5.6 of the Agreement.
43.	Cure Period	As defined in Section 5.13 of the Agreement.
44.	Current Assets	As defined in Exhibit 2.2.3 to the Agreement.

TERM		DEFINITION
45.	Current Liabilities	As defined in Exhibit 2.2.3 to the Agreement.
46.	Cushion Gas Litigation	As defined in the Cushion Gas Litigation Agreement.
47.	Cushion Gas Litigation Agreement	That certain Cushion Gas Litigation Agreement dated as of the date of the Agreement by and among Sellers, Buyer, Storage Holdings, Storage Leaseco, HPL Company LP, and HPL Resources LP.
48.	Damages	As defined in Section 6.2.1 of the Agreement.
49.	Defect Amount	As defined in Section 5.13 of the Agreement.
50.	Defect Examination Period	As defined in Section 5.13 of the Agreement.
51.	Defect Notice	As defined in Section 5.13 of the Agreement.
52.	Disclosed Environmental Matters	As defined in Section 3.18 of the Agreement.
53.	Disclosed HPL Contract	As defined in Section 3.11.1 of the Agreement.
54.	Disclosure Schedules	Those certain disclosure schedules delivered by Sellers to Buyer concurrently with Sellers' execution and delivery of the Agreement.
55.	Employee Review Period	As defined in Section 5.3.1 of the Agreement.
56.	Encumbrance	Any lien, security interest, mortgage, pledge, hypothecation, assignment, easement, right-of-way, servitude, other encumbrance, equitable interest, charge, restrictive covenant, mineral interest, community or other marital property interest, right of first refusal or similar restriction, option, contractual provision, provision of Governing Documents, provision of Applicable Law, or other restriction or matter affecting title to the involved property or the freedom to dispose of any interest in or use the involved property or exercise voting rights associated therewith.

TERM		DEFINITION
57.	Environmental Claims	Any claim for remediation, containment, removal, or disposal costs or other direct costs incurred as a result of a violation of Environmental Laws and any third-party claims by any Person, including any Governmental Authority, for damages (including, without limitation, punitive damages), losses, penalties, fines, interest, fees, liabilities (including strict liability), taxes, costs and expenses (including, without limitation, costs and expenses of investigation and defense of any claim) based on a violation of Environmental Laws.
58.	Environmental Laws	As defined in Section 3.18.1 of the Agreement.
59.	EPA	As defined in Section 3.18.2 of the Agreement.
60.	ERISA	The Employee Retirement Income Security Act of 1974, as amended.
61.	Exchange Imbalances	The aggregate of all imbalances as of the determination date under transportation agreements or operational balancing agreements, expressed as a positive number if such aggregate sum of such imbalances is a net receivable or expressed as a negative number if such aggregate sum is a net payable but excluding any such imbalances accounted for as Gas Inventory.
62.	FERC	The Federal Energy Regulatory Commission.
63.	Final Balance Sheet	As defined in Section 2.2.3(b) of the Agreement.
64.	Final Inventory Adjustment Amount	An amount equal to (i) the amount of the Gas Inventory as determined under Section 2.2.4(e) of the Agreement and expressed in MMBtus minus (ii) 31,200,000 MMBtus.
65.	Final Inventory Payment Adjustment	A dollar amount equal to (i) Final Inventory Adjustment Amount, multiplied by (ii) (a) in the case that the Final Inventory Adjustment Amount is a positive number, $5.601 or (b) in the case that the Final Inventory Adjustment Amount is a negative number, $5.601 plus $0.40 per MMBtu.
66.	Fixed Price Risk	Those financial and physical gas purchase and sale agreements of the HPL Entities in place as of the Closing Date, which contain a currently determined fixed price, a currently determined fixed basis, or price caps and/or floors with currently determined strike prices.
67.	GAAP	Generally Accepted Accounting Principles for financial reporting as in effect as of the Valuation Time in the United States, applied on a consistent basis. Any change in GAAP that becomes effective after the date hereof will not be taken into account in the use of GAAP under Section 2.2.3 of the Agreement for the computation of the Net Working Capital Adjustment, and any such a computation will be made by application of GAAP as in effect on the date of this Agreement.

TERM		DEFINITION
68.	Gas Inventory	The volume of natural gas owned by the HPL Entities as of the determination date, wherever located, but excluding 10.5 bcf of cushion gas in the Bammel Facilities and excluding line pack.
69.	Gas Marketing	As defined in Recital A of the Agreement.
70.	General Exceptions to Enforceability	Limitations on or exceptions to the enforceability of an agreement or instrument by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights, or (ii) general principles of equity relating to the availability of equitable remedies (regardless of whether such agreement or instrument is sought to be enforced in a proceeding at law or in equity).
71.	Governing Documents	With respect to a particular Person, (i) if a corporation, the articles or certificate of incorporation and the bylaws; (ii) if a general partnership, the partnership agreement and any statement of partnership; (iii) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (iv) if a limited liability company, the articles of organization and operating agreement or regulations; (v) if another type of Person, any other charter or similar document promulgated, adopted, or filed in connection with the creation, formation, or organization of the Person; (vi) all equityholders' agreements, voting agreements, voting trust instruments, joint venture agreements, registration rights agreements, or other agreements or documents relating to the organization, management, or operation of the Person or relating to the rights, duties, or obligations of the equityholders of the Person, and (vii) any amendment or supplement to any of the foregoing.
72.	Governmental Authority	Any federal, state, foreign, tribal, local, or municipal governmental body; and any governmental, regulatory, or administrative agency, commission, body, agency, instrumentality, or other authority exercising or entitled to exercise any executive, judicial, legislative, administrative, regulatory, or taxing authority or power, including any court or other tribunal.
73.	Hazardous Substances	As defined in Section 3.18.2 of the Agreement.

TERM		DEFINITION
74.	Hire Date	As defined in Section 5.3.1 of the Agreement.
75.	Holiday	Any day on which banking institutions located in the City of Houston, Texas are authorized or required to close for business.
76.	HPL Companies	The HPL Entities and the HPL Entity Subsidiaries, collectively.
77.	HPL Company Consents	As defined in Section 3.5.2 of the Agreement.
78.	HPL Company LP	As defined in Recital A of the Agreement.
79.	HPL Consolidation	As defined in Recital A of the Agreement.
80.	HPL Entities	As defined in Recital A of the Agreement.
81.	HPL Entity Subsidiaries	AEP Houston Pipe Line Company, LLC, a Delaware limited liability company, and Mid Texas Pipeline Company, a Texas general partnership.
82.	HPL Financial Statements	As defined in Section 3.7 of the Agreement.
83.	HPL GP	As defined in the first paragraph of the Agreement.
84.	HPL Resources	As defined in Recital A of the Agreement.
85.	HPL Subsidiary Interests	The membership and partnership interests of the HPL Entities in and to the HPL Entity Subsidiaries.
86.	Independent Accounting Firm	KPMG Peat Marwick or, if such firm is unable or unwilling to serve, another nationally recognized firm of independent public accountants that is willing to serve to be selected by mutual agreement of the parties hereto (which firm shall not be the auditor for any party to the Agreement or any Affiliate of any such party unless disclosed to each other party and agreed to by such other parties and will otherwise be selected by mutual agreement of the parties hereto).
87.	Initial Inventory Payment	As defined in Section 2.2.4(a) of the Agreement.
88.	Initial Net Working Capital Payment	As defined in Section 2.2.3(a) of the Agreement.
89.	Intellectual Property	As defined in Section 3.15 of the Agreement.

TERM		DEFINITION
90.	Inventory Finalization Event	As defined in Section 2.2.4(c) of the Agreement.
91.	Inventory Payment	As defined in Section 2.2.4 of the Agreement.
92.	Inventory Verification Notice	As defined in Section 2.2.4(c) of the Agreement.
93.	Knowledge	As to any Seller, "Knowledge" means the actual knowledge of any of the individuals listed in Sellers' Disclosures Schedules as "Sellers' Knowledge Group" or any other presently serving officer, member of the board of directors, or limited liability company manager of such Seller or the HPL Companies that such Seller directly or indirectly owned before the Closing Date, and the knowledge that such individual would have obtained as a result of the proper operation of reporting procedure concerning the business of Sellers or the HPL Entities that was not grossly negligent. As to Buyer, "Knowledge" means the actual knowledge of any presently serving officer or manager of Buyer or its general partner, and the knowledge that such individual would have obtained as a result of the proper operation of reporting procedure concerning the business of Buyer that was not grossly negligent.
94.	Material Adverse Effect	A material adverse effect on the business, operations, properties, financial condition, or results of operations of the aggregate Business as conducted by the HPL Companies, excluding any effect relating to or resulting from (i) any event affecting the local, regional, or United States or global economy or financial or capital markets generally, (ii) any change in the natural gas transportation, storage, and marketing business generally, including the availability of or any changes in prices for commodities, goods or services, or the availability or cost of hedges, (iii) the condition or integrity of any of the pipeline or storage assets of the HPL Entities, or (iv) changes in Applicable Law.
95.	Material Assets	As defined in Section 3.10 of the Agreement.
96.	Material HPL Contracts	As defined in Section 3.11.1 of the Agreement.
97.	Net Working Capital	As defined in Exhibit 2.2.3 to the Agreement.
98.	Net Working Capital Adjustment	As defined in Section 2.2.3(b) of the Agreement.

TERM		DEFINITION
99.	Net Working Capital Payment	As defined in Section 2.2.3 of the Agreement.
100.	NGA	As defined in Section 3.19 of the Agreement.
101.	Offer of Employment	As defined in Section 5.3.1 of the Agreement.
102.	Option Agreement	As defined in Section 2.4.1(e) of the Agreement.
103.	Ordinary Course of Business	An action taken by a Person if that action (i) is consistent in nature, scope, and magnitude with past practices of that Person and is taken in the ordinary course of the normal, day-to-day operations of such Person's existing lines of business, and (ii) is similar in nature, scope, and magnitude to actions customarily taken in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.
104.	Permit	Any permit, license, franchise, certificate, or other authorization, consent, order, or approval, or variance therefrom or waiver thereof, in each case from a Governmental Authority.
105.	Permitted Contest	Any Proceeding if and only so long as while such Proceeding or any appeal therefrom is pending (i) there shall be no material danger that the involved property or any portion thereof is subject to sale, forfeiture or loss, and (ii) no material restrictions are imposed on the use of such property.
106.	Permitted Encumbrance	Any of the following affecting title to the involved property or the freedom to dispose of any interest in or use the involved property: (i) any of the items described in Exhibit 3.10 to the Agreement; (ii) any Encumbrance securing any obligation of Buyer or any of its Affiliates; (iii) with respect to any property other than the Purchased Interests (A) any lien securing the payment of taxes, assessments and other governmental charges or levies which are either not delinquent or, if delinquent, are being contested in good faith as a Permitted Contest; (B) any materialmen's, mechanic's, worker's, repairmen's, employee's, carrier's, warehouseman's or other like lien relating to the construction of the property or in connection with any maintenance, repair, improvement, addition, alteration to, or other services or materials relating to, the property, or arising in the ordinary course of business for

TERM	DEFINITION
	amounts in respect of the foregoing that are not more than 30 days past due or are being contested as a Permitted Contest; (C) any lien arising out of judgments or awards with respect to which appeals or other proceedings for review are being prosecuted in good faith, so long as such proceedings have the effect of staying the execution of such judgments or awards; (D) any obligation or liability of a shareholder, member, or partner imposed by an entity's Governing Documents, any security interest and other Encumbrance created by or under an entity's Governing Documents upon any equity interest in that entity, or any limitation, condition, or restriction imposed by law or by or under an entity's Governing Documents upon the transfer, assignment, collateral transfer, or other disposition of any equity interest in that entity; (E) any zoning or other land use ordinance that does not materially impair the conduct of the normal operations of the Business; or (F) any subdivision and platting restrictions, easements, rights-of-way, licenses, restrictions on the use of any of the involved property, or encroachments or irregularities of title, none of which individually or in the aggregate could reasonably be expected to materially impair the conduct of the normal operations of the Business; and (iii) any other or additional matter as may be approved in writing by all parties properly interested therein.
107. Person	Any individual, corporation, partnership, limited liability company, other business organization of any kind, association, trust, or governmental entity, agency, or instrumentality.
108. Pre-Closing Period	Any taxable period ending before or as of the Closing.
109. Proceeding	Any action, arbitration proceeding, audit, hearing, investigation, inquiry, litigation, or suit (in each such case whether civil, criminal, administrative, judicial, or investigative and whether formal or informal, public or private) commenced, brought, conducted, or heard by or before any Governmental Authority or arbitrator.
110. Purchase Price	As defined in Section 2.2.1 of the Agreement.
111. Purchased Interests	As defined in Section 2.1 of the Agreement.
112. Qualifying Defect Amount	As defined in Section 5.13 of the Agreement.

TERM		DEFINITION
113.	Recomputed Bammel Inventory	As defined in Section 2.2.4(c) of the Agreement.
114.	Recoveries	As defined in Section 6.4 of the Agreement.
115.	Release	As defined in Section 3.18.2 of the Agreement.
116.	Required Severance Benefits	Benefits payable under the program of severance benefits described in a separate writing delivered to Buyer at or before Closing.
117.	Resolution Period	As defined in Sections 2.2.3(b), 2.2.4(d), and 2.2.4(e) of the Agreement, as applicable.
118.	Response Notice	As defined in Section 5.13 of the Agreement.
119.	Retained Interest	As defined in Section 2.1 of the Agreement.
120.	Retained Marks	As defined in Section 5.8 of the Agreement.
121.	Retained Matter Liabilities	As defined in Section 5.2 of the Agreement.
122.	Retained Matters	As defined in Section 5.2 of the Agreement.
123.	Seller Indemnified Parties	As defined in Section 6.3.1 of the Agreement.
124.	Sellers	As defined in the first paragraph of the Agreement.
125.	Sellers' Cap	As defined in Section 6.2.2(f) of the Agreement.
126.	Sellers' Consents	As defined in Section 3.2.4 of the Agreement.
127.	Sellers' Disclosure Schedules	Those certain disclosure schedules delivered by Sellers to Buyer concurrently with Sellers' execution and delivery of the Agreement.
128.	Sellers' Documents	As defined in Section 3.2.1 of the Agreement.
129.	Sellers' Guarantor	As defined in Section 2.4.1(g) of the Agreement.
130.	Sellers' Limited Guaranty	As defined in Section 2.4.1(g) of the Agreement.
131.	Sellers' Retained Matter Responsibility	As defined in Section 5.2 of the Agreement.

TERM		DEFINITION
132.	Sellers' Threshold	As defined in Section 6.2.2(e) of the Agreement.
133.	Storage GP	As defined in Recital A of the Agreement.
134.	Storage Holdings	As defined in Recital A of the Agreement.
135.	Storage Leaseco	As defined in Recital A of the Agreement.
136.	Storage LP	As defined in the first paragraph of the Agreement.
137.	Straddle Period	As defined in Section 7.1.1 of the Agreement.
138.	Survival Period	As defined in Section 6.1.3 of the Agreement.
139.	Swap Agreement	As defined in Section 2.4.2(i) of the Agreement.
140.	Tax	(i) Any federal, state, local, or foreign income, gross receipts, value added, windfall or other profits, alternative or add-on minimum, estimated, franchise, profits, sales, use, real property, personal property, ad valorem, vehicle, airplane, boat, license, payroll, employment, workers' compensation, unemployment compensation, withholding, social security, disability, excise, severance, stamp, occupation, premium, environmental (including taxes under Code section 59A), customs duties, import fees, capital stock transfer, title, documentary, or registration, or other tax, duty, or impost of any kind whatsoever, whether disputed or not. "Taxes" includes (ii) any liability for the payment of any amounts described in clause (i) above as a result of being a member of an affiliated, consolidated, combined, or unitary group for any taxable period, (iii) any liability for the payment of any amount described in clause (i) above as a result of being a Person required to withhold or collect Taxes imposed on another Person, (iv) any liability for the payment of any amount described in clause (i), (ii) or (iii) above as a result of being a transferee of, or successor in interest to, any Person or as a result of an express or implied obligation to indemnify any Person, and (v) any and all interest, penalties, additions to tax, or additional amounts imposed in connection with or with respect to any amount described in clauses (i) through (iv) of this definition.
141.	Tax Claim	As defined in Section 7.3.1 of the Agreement

TERM		DEFINITION
142.	Tax Return	Any return, declaration, report, claim for refund, or information return or statement (including, but not limited to, information returns or reports related to back-up withholding and any payments to third parties) relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.
143.	Terminating Insurance Coverages	As defined in Section 5.5 of the Agreement.
144.	Title Defect	Any Encumbrance (other than a Permitted Encumbrance) upon or against the HPL Companies' title to the real property interests described in Exhibit 5.13 to this Agreement that would cause Buyer not to have good and marketable title to such real property interests. The foregoing notwithstanding, any defect in title to an easement or right-of-way will not constitute a Title Defect if the HPL Company's rights to maintain its pipeline and facilities on, under, and over the involved land are at least equal to industry standard for such rights in Texas and if such defect does not and is not reasonably likely to prohibit or interfere with the use thereof in accordance with past practice.
145.	Title Threshold	As defined in Section 5.13 of the Agreement.
146.	Transfer Taxes	As defined in Section 7.6 of the Agreement.
147.	Transferred Employees	As defined in Section 5.3.1 of the Agreement.
148.	Transition Services Agreement	As defined in Section 2.4.1(f) of the Agreement.
149.	Valuation Time	The end of the gas day for January 31, 2005, which ends at 9:00 a.m. Central Standard Time on February 1, 2005.
150.	Valuation Time Adjustment	As defined in Section 2.2.4(b) of the Agreement.
151.	Valuation Time Adjustment Amount	As defined in Section 2.2.4(b) of the Agreement.
152.	Valuation Time Estimate	As defined in Section 2.2.4(b) of the Agreement.
153.	Verified Bammel Gas Inventory	As defined in paragraph 2.1 of Exhibit 2.2.4 of the Agreement.
154.	WARN Act	As defined in Section 5.3.3 of the Agreement.
155.	Wells	As defined in Section 2.2.4(c) of the Agreement.

EXHIBIT 2.2.3

NET WORKING CAPITAL

1. Net Working Capital will be the net aggregate balance, as of the determination date, of the Current Assets as defined in Section 2 of this Exhibit 2.2.3 less the Current Liabilities as defined in Section 2 of this Exhibit 2.2.3.

2. "Current Assets" means the current assets of the HPL Entities as of the determination date, including any positive Exchange Imbalances (but excluding (i) intercompany accounts between the HPL Entities, on the one hand, and AEP and its Affiliates, on the other including the AEP System Amended and Restated Non-Utility Money Pool Agreement (ii) the Gas Inventory, (iii) balance sheet accounts reflecting unrealized gains, if any, (iv) federal income Tax receivables and state income or franchise Tax receivables, including refunds or credits of Taxes that are attributable to the HPL Entities or for any Pre-Closing Period and are payable to Sellers or their Affiliates pursuant to the terms set forth in Section 7.4 of the Agreement, and (v) any other Current Assets which Seller will retain under the terms of the Agreement including prepaid insurance, AEP Procurement Card balances and any employee-related balances), in each case as reflected on combined balance sheets of the HPL Entities as of such date as determined pursuant to GAAP, applied in a manner consistent with the preparation of the Financial Statements, except that the exceptions to GAAP described in Section 1 of this Exhibit 2.2.3 will be made. "Current Liabilities" means the current liabilities of the HPL Entities as of the determination date, including any negative Exchange Imbalances and including accruals for state and local property, sales, and excise taxes (but excluding (vi) intercompany accounts between the HPL Entities, on the one hand, and AEP and its Affiliates, on the other including the AEP System Amended and Restated Non-Utility Money Pool Agreement (vii) balance sheet accounts reflecting unrealized losses, if any, (viii) accruals for federal income Taxes, (ix) federal income Taxes or state income or franchise Taxes that are attributable to the HPL Entities for any Pre-Closing Period which are payable by Sellers or their Affiliates pursuant to the terms set forth in Section 7.1.1 of the Agreement, (x) accruals for vacation benefits, and (xi) other current liabilities which Seller will pay under the terms of the Agreement including employee related liabilities and incentive compensation plan accruals), in each case as reflected on the combined balance sheets of the HPL Entities as of such date as determined pursuant to GAAP, applied in a manner consistent with the preparation of the Financial Statements, except that the exceptions to GAAP described in Section 3 of this Exhibit 2.2.3 will be made.

3. State sales, property, and other excise Taxes will be accrued through the Valuation Time in accordance with GAAP using a level accrual of the liability then expected for the tax period during which the Valuation Time occurs.

EXHIBIT 2.2.4

GAS INVENTORY MATTERS

1. The following procedures and methods will be used in the determination of the Gas Inventory:

1.1. If inventory verification pursuant to Section 2.2.4(c) of the Agreement (the "Bammel Gas Inventory Verification") is performed, but the Verified Bammel Gas Inventory, determined pursuant to paragraph 2.1 of this Exhibit, is not more than 1.03 and not less than 0.97 times that portion of the Gas Inventory as of the Valuation Time that was stored in the Bammel Facilities according to the most current perpetual gas inventory records, then Gas Inventory is as reflected on the HPL Entities' perpetual gas inventory records.

2. The following procedures and methods will be used to conduct the Bammel Gas Inventory Verification:

2.1. The portion of the Gas Inventory as of the Valuation Time that was stored in the Bammel Facilities (the "Verified Bammel Gas Inventory") will be determined by the following calculation:

2.1.1. Volume in MMBtus of the Gas Inventory stored in the Bammel Facilities, as of the verification date, as verified by Wells pursuant to Section 2.2.4(c) of the Agreement in accordance with paragraph 2.2 of this Exhibit;

2.1.2. minus 65.5 BCF cushion gas in MMBtus;

2.1.3. minus third party inventory in the Bammel Facilities at the Valuation Time in MMBtus as reflected on the perpetual inventory records as adjusted for the Valuation Time.

2.1.4. minus injections into the Bammel Facilities between the Valuation Time and the verification date in MMBtus as determined from the gas measurement records;

2.1.5. plus withdrawals from the Bammel Facilities between the Valuation Time and the verification date in MMBtus as determined from the gas measurement records; and

2.1.6. plus or minus any applicable inventory adjustments occurring between the Valuation Time and the verification date as determined from the gas measurement records.

Volumes will be determined in mmcf and will be converted to MMBtus as follows:

The conversion will be based on the heat content as reflected on Sellers' perpetual gas inventory records.

2.2. Procedures for the Bammel Gas Inventory Verification.

The Verified Bammel Gas Inventory will be calculated by Wells using the same methods (including a shut-in period of at least 14 days) and assumptions as were used in the preparation by Wells of its report on the Bammel storage facility dated August 3, 2004.

EXHIBIT 2.4.1(A)

FORMS OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT
(GENERAL PARTNER INTERESTS)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of January 26, 2005, is made and entered into by and between HPL Storage LP, a Delaware limited partnership ("Storage LP"), and HPL Holdings, L.L.C., a Delaware limited liability company (the "Buyer").

RECITALS

A. Storage LP owns a 1% general partner interest in HPL Consolidation LP, a Delaware limited partnership (the "Partnership"), which constitutes all of the outstanding general partner interests in the Partnership (the "General Partner Interests").

B. Buyer desires to purchase and acquire the General Partner Interests and agrees to assume certain obligations and liabilities of Storage LP as more fully provided herein.

C. Storage LP, AEP Energy Services Gas Holding Company II, L.L.C., a Delaware limited liability company, and La Grange Acquisition, L.P., a Texas limited partnership ("La Grange"), have made and entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement"), dated as of even date herewith, under which such parties have agreed for Storage LP at the Closing to sell and convey to Buyer, as the designee of La Grange, and for Buyer to purchase and acquire from Storage LP, the General Partner Interests, all as more fully provided therein. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Purchase and Sale Agreement.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Storage LP and Buyer agree as follows:

AGREEMENT

1.1. Assignment of Interests. Pursuant to the Purchase and Sale Agreement and subject to (i) all conditions and restrictions imposed by the partnership agreement of the Partnership upon the assignment contemplated hereby, (ii) all conditions and restrictions imposed by the partnership agreement of the Partnership on the right of Buyer to become a partner in the Partnership or to exercise any rights under the partnership agreement of the Partnership, (iii) all of the LP Sellers' obligations to the Partnership and its partners under the partnership agreement of the Partnership, and (iv) all restrictions on transfer imposed by applicable securities laws, (A) Storage LP hereby sells, assigns, transfers, and delivers to Buyer the General Partner Interests and (B) Buyer hereby accepts such assignment and fully assumes and agrees to perform and discharge when due all of the obligations and liabilities of Storage LP under the partnership agreement of the Partnership, with respect to the General Partner Interests or otherwise as a general partner of the Partnership, except as otherwise contemplated by the Purchase and Sale Agreement, whether relating to periods of time before or after the date hereof.

1.2. Purchase and Sale Agreement. This Agreement is subject to, in all respects, the terms and conditions of the Purchase and Sale Agreement, and nothing contained herein is meant to enlarge, diminish or otherwise alter the terms and conditions of the Purchase and Sale Agreement or the parties' duties and obligations contained therein. To the extent there is a conflict between this Agreement and the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control. It is expressly agreed that the exclusive representations and warranties made with respect to the General Partner Interests are those made by Sellers in the Purchase and Sale Agreement and the exclusive remedies for a failure or breach of any such representation or warranty concerning the General Partner Interests are those provided in and limited by the Purchase and Sale Agreement. All of the warranties and representations provided in the Purchase and Sale Agreement shall survive the execution and delivery of this Agreement, but all other warranties, express or implied, are hereby disclaimed.

1.3. Limited Partnership Agreement Provisions.

(a) On or promptly following the date hereof, Buyer will file, or cause to be filed, with the Secretary of State of Delaware an amendment to the Partnership's Limited Partnership Certificate to reflect the substitution of Buyer for Storage LP (as applicable) as the sole general partner of the Partnership as a result of the assignment of the General Partner Interests effected by this Agreement.

(b) Storage LP hereby (i) acknowledges that neither the execution and delivery of this Agreement or the Purchase and Sale Agreement, nor the consummation of any transaction contemplated herein or therein, is intended to cause a dissolution of the Partnership under Delaware law or the partnership agreement of the Partnership; and (ii) agrees that the Partnership will not be dissolved as a result of the execution and delivery of this Agreement or the Purchase and Sale Agreement, or the consummation of any transaction contemplated herein or therein.

1.4. Governing Law. This Agreement will be governed by, and construed in accordance with, the Laws of the State of New York without regard to the conflict of laws rules of such state.

1.5. Counterparts. This Agreement may be signed in any number of counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Storage LP and Buyer have executed this Agreement as of the date first written above.

STORAGE LP:

HPL STORAGE LP,
a Delaware limited partnership

By: HPL Storage Inc.,
Its general partner

By: _____
Name: _____
Title: _____

BUYER:

HPL HOLDINGS GP, L.L.C.

By: _____
Name: _____
Title: _____

ASSIGNMENT AND ASSUMPTION AGREEMENT
(LIMITED PARTNER INTERESTS)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of January 26, 2005, is made and entered into by and among HPL Storage LP, a Delaware limited partnership ("Storage LP"), and AEP Energy Services Gas Holding Company II, L.L.C., a Delaware limited liability company ("AEPES Gas Holding," and together with Storage LP, the "LP Sellers"), on the one hand, and HP Houston Holdings, L.P, a Delaware limited partnership (the "Buyer"), on the other hand.

RECITALS

A. Storage LP owns a 36% limited partner interest in HPL Consolidation LP, a Delaware limited partnership (the "Partnership"), and AEPES Gas Holding owns a 63% limited partner interest in the Partnership, which, together, constitute all of the outstanding limited partner interests in the Partnership.

B. The LP Sellers desire to sell, and Buyer desires to purchase and acquire from the LP Sellers, a 97% limited partner interest in the Partnership (the "Limited Partner Interests"), and Buyer agrees to assume certain obligations and liabilities of the LP Sellers as more fully provided herein.

C. Storage LP will retain a 2% limited partner interest in the Partnership (the "Retained Interests").

D. La Grange Acquisition, L.P., a Texas limited partnership ("La Grange"), and the LP Sellers have made and entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement"), dated as of even date herewith, which provides for the LP Sellers at the Closing to sell and convey to Buyer, as the designee of La Grange, and for Buyer to purchase and acquire from the LP Sellers, the Limited Partner Interests, all as more fully provided therein. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Purchase and Sale Agreement.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the LP Sellers and Buyer agree as follows:

AGREEMENT

1.1. Assignment of Interests. Pursuant to the Purchase and Sale Agreement and subject to (i) all conditions and restrictions imposed by the partnership agreement of the Partnership upon the assignment contemplated hereby, (ii) all conditions and restrictions imposed by the partnership agreement of the Partnership on the right of Buyer to become a partner in the Partnership or to exercise any rights under the partnership agreement of the Partnership, (iii) all of the LP Sellers' obligations to the Partnership and its partners under the partnership agreement of the Partnership, and (iv) all restrictions on transfer imposed by applicable securities laws, (A) the LP Sellers hereby sell, assign, transfer, and deliver to Buyer the Limited Partner Interests and (B) Buyer hereby accepts such assignment and fully assumes

and agrees to perform and discharge when due all of the obligations and liabilities of the LP Sellers under the partnership agreement of the Partnership, with respect to the Limited Partner Interests or otherwise as a limited partner of the Partnership, except as otherwise contemplated by the Purchase and Sale Agreement, whether relating to periods of time before or after the date hereof.

1.2. Purchase and Sale Agreement. This Agreement is subject to, in all respects, the terms and conditions of the Purchase and Sale Agreement, and nothing contained herein is meant to enlarge, diminish or otherwise alter the terms and conditions of the Purchase and Sale Agreement or the parties' duties and obligations contained therein. To the extent there is a conflict between this Agreement and the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control. It is expressly agreed that the exclusive representations and warranties made with respect to the Limited Partner Interests are those made by Sellers in the Purchase and Sale Agreement and the exclusive remedies for a failure or breach of any such representation or warranty concerning the Limited Partner Interests are those provided in and limited by the Purchase and Sale Agreement. All of the warranties and representations provided in the Purchase and Sale Agreement shall survive the execution and delivery of this Agreement, but all other warranties, express or implied, are hereby disclaimed.

1.3. Limited Partnership Agreement Provisions. Each of the LP Sellers hereby (i) acknowledges that neither the execution and delivery of this Agreement or the Purchase and Sale Agreement, nor the consummation of any transaction contemplated herein or therein, is intended to cause a dissolution of the Partnership under Delaware law or the partnership agreement of the Partnership; and (ii) agrees that the Partnership will not be dissolved as a result of the execution and delivery of this Agreement or the Purchase and Sale Agreement, or the consummation of any transaction contemplated herein or therein.

1.4. Governing Law. This Agreement will be governed by, and construed in accordance with, the Laws of the State of New York without regard to the conflict of laws rules of such state.

1.5. Counterparts. This Agreement may be signed in any number of counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the LP Sellers and Buyer have executed this Agreement as of the date first written above.

LP SELLERS:

HPL STORAGE LP,
a Delaware limited partnership

By: HPL STORAGE, INC.,
its general partner

By: _____
Name: Ronald A. Erd
Title: President

AEP ENERGY SERVICES GAS HOLDING COMPANY II, L.L.C.

By: HPL Storage LP, its Sole Member

By: HPL Storage, Inc., its General Partner

By: _____
Name: Ronald A. Erd
Title: President

BUYER:

HP HOUSTON HOLDINGS, L.P.,
a Delaware limited partnership

By: HPL Holdings GP, L.L.C.,
its general partner

By: _____
Name: _____
Title: _____

General Partner Consent

This Agreement, and the assignment of the Limited Partner Interests of the Partnership by the LP Sellers to Buyer hereunder, is hereby acknowledged and accepted in all respects, and the admission of Buyer as a limited partner of the Partnership is hereby approved.

HPL HOLDINGS GP, L.L.C.

By: _____
Name: _____
Title: _____

EXHIBIT 2.4.1(E)

FORM OF OPTION AGREEMENT

OPTION AGREEMENT

This **Option Agreement** (this "Agreement") is entered into to be effective as of the 26th day of January, 2005 (the "Effective Date") by and between **HPL Storage LP**, a Delaware limited partnership ("Storage LP") and **HP Houston Holdings, L.P.**, a Delaware limited partnership ("Buyer").

RECITALS

A. Pursuant to that certain Purchase and Sale Agreement among Storage LP and AEP Energy Services Gas Holding Company II, L.L.C. as Sellers and La Grange Acquisition, L.P. ("La Grange"), as Buyer, dated as of January 26, 2005 (the "Purchase Agreement") Sellers sold to La Grange, or its designee, general and limited partner interests in HPL Consolidation LP, a Delaware limited partnership ("HPL Consolidation").

B. Storage LP retained a two percent (2%) limited partner interest in HPL Consolidation, as such interest may be diluted under the terms of HPL Consolidation's partnership agreement. The two percent (2%) retained limited partner interest owned by Storage LP in HPL Consolidation, as such interest may be diluted, is hereinafter referred to as the "Retained Interest". Buyer has no rights or obligations with respect to the Retained Interest except as expressly set forth herein.

C. Storage LP and Buyer wish to set forth in this Agreement the terms and conditions under which Storage LP may consummate the sale of the Retained Interest.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT OF OPTION

Buyer hereby grants to Storage LP the absolute and unconditional right and option (the "Option") to require Buyer to purchase, on the terms and conditions hereinafter set forth, all, but not less than all, of the Retained Interest. This Option shall commence on the one hundred and eighty first (181st) day following the Effective Date of this Agreement and shall continue until terminated in accordance with Article 7 of this Agreement. This Option is solely Storage LP's option to require Buyer to purchase the Retained Interest; Buyer has no other rights or obligations with respect to the Retained Interest except as expressly set forth in this Agreement.

2. PURCHASE PRICE AT GRANT

Upon the Effective Date of this Agreement, Storage LP shall pay Buyer, as an Option premium (the "Option Premium"), an amount equal to Ten Thousand and No/100 Dollars ($10,000.00) in immediately available funds. The Option Premium shall be non-refundable and shall under no circumstances offset the Purchase Price (as defined below).

3. EXERCISE OF OPTION

The Option granted herein may be exercised by delivery of written notice to the Buyer by Storage LP and to the general partner of HPL Consolidation at least thirty (30) days prior to date on which Storage LP intends to exercise the Option. Storage LP's written notice shall include a statement that Storage LP intends to exercise the Option and the date on which Storage LP intends to close the Option transaction.

4. GOVERNMENTAL APPROVAL

Upon the exercise of the Option, Storage LP and Buyer shall, to the extent required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") cooperate in promptly filing with the Federal Trade Commission and the United States Department of Justice, all reports and other documents required to be filed under the HSR Act concerning the exercise of the Option and promptly complying with any requests by the Federal Trade Commission or the United States Department of Justice for additional information concerning such transactions. In addition, Storage LP and Buyer shall cooperate in giving required notice to the Office of the Attorney General of the State of Texas. The filing fees payable in connection with the filings required by the HSR Act and notice to Office of the Attorney General of the State of Texas, if any, shall be borne equally by Storage LP, on the one hand, and Buyer, on the other hand. The purchase and sale of the Retained Interest under this Agreement shall be contingent upon the satisfaction of any waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated by the exercise of the Option and clearance under the HSR Act and the successful resolution of any inquiry initiated by the Office of the Attorney General of the State of Texas.

5. PURCHASE PRICE AT EXERCISE

The purchase price (the "Purchase Price") shall be Sixteen Million Five Hundred Sixty Thousand ($16,560,000).

6. CLOSING

6.1. The closing of the Option transaction (the "Closing") shall occur at the principal offices of Buyer or such other place as mutually agreed to by the parties. The closing date shall be the date specified in Storage LP's notice pursuant to Article 3 hereof; provided; however, that in no event shall such Closing occur later than (i) forty-five (45) days following the date on which the exercise notice is sent pursuant to Article 3 hereof or (ii) such longer period of time as is necessary for the consummation of the Option transaction to receive clearance under the HSR Act and to resolve any investigations or proceedings regarding the Option transaction brought by the Office of the Attorney General of the State of Texas under Texas anti-trust law.

6.2. At Closing, Storage LP and Buyer shall execute a Transfer and Assignment of Partner Interest substantially in the form attached hereto as Exhibit A (which is incorporated herein by reference), the delivery of which will be a condition to Buyer's obligations to close.

6.3. At Closing, Buyer shall remit to Storage LP, and it shall be a condition to Storage LP's obligations to close, in immediately available funds, the Purchase Price.

7. TERMINATION

The Option shall terminate on the last day of the 18th month following the Effective Date of this Agreement.

8. MISCELLANEOUS

8.1. Non-Transferable.

The Option granted by this Agreement is non-transferable in any manner whatsoever, and neither party may assign any of its rights, duties or obligations under this Agreement, provided, however; that Buyer may assign this Agreement in accordance with Section 8.2.

8.2. Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and no party shall be liable or bound to any party in any manner by any warranties, representations, or covenants except as specifically set forth in this Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. This Agreement may not be assigned by either party hereto without the prior written consent of the other party (such consent not to be unreasonably withheld); provided, however, that Buyer may assign this Agreement to any of its Affiliates without the consent of Storage LP. The assignment of this Agreement will not release Buyer from its obligation hereunder as a primary obligor.

8.3. Governing Law.

This Agreement shall be governed by and construed under the laws of the State of New York applicable to agreements made and fully performable therein, without regard to principles of conflicts of laws.

8.4. Modification; Waiver.

No modification or amendment of any provision of this Agreement shall be effective unless in writing and approved by each of the parties hereto, and no consent or waiver of any provision of this Agreement or departure therefrom shall be effective unless in writing and executed by the party against which such consent or waiver is effective. A waiver of one circumstance will not constitute a waiver of any other circumstance.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective the 26 th day of January, 2005.

STORAGE LP

HPL Storage LP

By: HPL Storage, Inc.
Its: General Partner

By: _____
Name: Ronald A. Erd
Title: President

BUYER

HP Houston Holdings, L.P.

By: HPL Holdings GP, L.L.C.
Its: General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF
TRANSFER AND ASSIGNMENT
OF PARTNER INTEREST
IN HPL CONSOLIDATION LP

This **Transfer and Assignment of Partner Interest in HPL Consolidation LP** (this "Assignment") is made effective as of the __ day of _____, 200__ (the "Effective Date") by and between **HPL Storage LP**, a Delaware limited partnership ("Assignor") and **HP Houston Holdings, L.P.**, a Delaware limited partnership ("Assignee"). Capitalized terms used herein and not otherwise defined shall have the meaning set forth in that certain Amended & Restated Agreement of Limited Partnership of HPL Consolidation LP, dated January 26, 2005 _____ (as amended, the "Partnership Agreement").

RECITALS

A. Assignor is a Limited Partner in HPL Consolidation LP (the "Partnership").

B. Assignor wishes to transfer and assign to Assignee 100% of Assignor's limited partnership interest in the Partnership (representing [2%][1] of the total partner interests in the Partnership) (the "Transferred Interest"), and Assignee wishes to accept the transfer and assignment of the Transferred Interest and assume Assignor's obligations under the Partnership Agreement with respect to such Transferred Interest.

C. No consent is required under the terms and conditions of the Partnership Agreement to consummate this Assignment.

In consideration of the mutual promises, representations, warranties, covenants, and conditions set forth in this Assignment, the parties to this Assignment agree as follows:

1. DEFINITIONS

As used in this Assignment, terms not otherwise defined in this Assignment and defined in Exhibit 1 hereto have the meanings set forth therein.

2. ASSIGNMENT AND CONSIDERATION

2.1. Assignment and Assumption.

Assignor is a Limited Partner in the Partnership. Assignor hereby transfers and assigns to Assignee, to have and to hold, the Transferred Interest and all appurtenances thereto in anywise belonging unto said Assignee, its representatives, successors and assigns forever, and Assignor does hereby bind itself, its successors and assigns, to warrant and forever defend the Transferred Interest, including Assignor's Capital Account, unto said Assignee, its representatives, successors and assigns forever against any person whomsoever lawfully claiming or to claim the same.

1 This 2% may need to be updated at the closing of the option transaction if the LP Interest has been diluted.

This Assignment is made subject to (a) all conditions and restrictions imposed by the Partnership Agreement upon the assignment contemplated hereby; (b) all conditions and restrictions imposed by the Partnership Agreement on the right of Assignee to become a partner in the Partnership or to exercise any rights under the Partnership Agreement; (c) all of Assignor's obligations to the Partnership and its partners under the Partnership Agreement and all liens or security interests created in the Partnership Agreement to secure the performance thereof; and (d) all restrictions on transfer imposed by applicable securities laws.

By the acceptance of this Assignment, Assignee assumes and promises to keep and perform each and every obligation of Assignor, now existing or arising hereafter, under the Partnership Agreement.

Upon the Effective Date of this Assignment, Assignor shall cease to have any right, title or interest, including any rights or obligations under the Partnership Agreement with respect to the Transferred Interest and shall cease being a Partner in the Partnership.

2.2. Consideration.

In consideration for Assignor's transfer and assignment of the Transferred Interest to Assignee, Assignee shall pay Assignor, contemporaneous with the execution of this Assignment, total consideration equal to the Purchase Price (as defined in the Option Agreement between the parties of even date herewith).

3. PARTNERSHIP TO CLOSE BOOKS

As of the Effective Date, the Partnership, for accounting purposes only, shall close its books to determine all items of Partnership income, gain, loss and deduction up to the date of such closing of the books. All items of Partnership income, gain, loss and deduction allocable to the Transferred Interest up through the Effective Date shall be allocated to Assignor. The Partnership shall issue an IRS Form K-1 to Assignor to reflect that allocation of such income, gain, loss and deduction. All items of Partnership income, gain, loss and deduction with respect to the Transferred Interest after the Effective Date shall be allocated to Assignee.

4. WARRANTIES, REPRESENTATIONS AND COVENANTS OF ASSIGNOR

Assignor hereby warrants and represents to, and covenants with Assignee as follows:

4.1. Warranty of Title.

Assignor has full legal and equitable title to its Transferred Interest, free and clear of all liens and Encumbrances, and there are no restrictions on transfer and assignment of the Transferred Interest other than any Encumbrance securing any obligation of Assignee or any of its Affiliates.

4.2. No Conflict.

The execution and delivery of this Assignment by Assignor will not, directly or indirectly (with or without notice or lapse of time): breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any indenture, mortgage, lease, note, or other material contract or other instrument to which such Assignor is a party or by which its properties may be bound.

4.3. No Third Party Consents.

Assignor is not required to give any notice to or obtain any consent, approval, permit, license, franchise, or other authorization, or a variance or exemption therefrom or waiver thereof from any Governmental Authority or other Person in connection with the execution and delivery of this Assignment.

4.4. Organization and Good Standing of Assignors.

Assignor is duly formed, validly existing and in good standing, as applicable, under the laws of its state of formation, with full limited partnership power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under this Assignment and to otherwise undertake the transactions contemplated hereby.

4.5. Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Assignors.

This Assignment constitutes the legal, valid, and binding obligation of Assignor, enforceable against it in accordance with its terms except as such enforceability may be limited by General Exceptions to Enforceability. Neither the execution and delivery of this Assignment nor the consummation or performance of any of the transactions contemplated thereby by Assignor will breach (i) any provision of any of the Governing Documents of Assignor or (ii) any resolution adopted by the equity holders or governing bodies of Assignor.

Assignor has the full right, power and authority to execute and deliver this Assignment, to perform its obligations under this Assignment, and to carry out the transactions contemplated thereby, and such actions have been duly authorized by all necessary action by Assignor’s governing body and by Assignor’s equity holders.

Neither the execution and delivery of the this Assignment nor the consummation or performance of any of the transactions contemplated thereby by Assignor will:

4.5.1. violate any Applicable Law to which Assignor is subject; or

4.5.2. result in the imposition or creation of any Encumbrance other than Permitted Encumbrances upon or with respect to any of the Transferred Interest to be sold by Assignor.

4.6. No Litigation Against Assignor.

There is no pending or, to Assignor's Knowledge, threatened Proceeding by or against Assignor or any of their Affiliates that challenges, or seeks to restrain, delay, or prohibit the transactions contemplated by this Assignment. To the Knowledge of Assignor, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. There is not in effect any order, judgment, or decree of any Governmental Authority enjoining, barring, suspending, prohibiting, or otherwise limiting Assignor from undertaking the transactions contemplated by this Assignment.

5. WARRANTIES, REPRESENTATIONS AND COVENANTS OF ASSIGNEE

Assignee hereby warrants and represents to, and covenants with, Assignor as follows:

Assignee is duly formed, validly existing and in good standing, as applicable, under the laws of its state of formation, with full limited partnership power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under this Assignment.

6. SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES

All covenants, agreements, representations, and warranties made hereunder or pursuant hereto or in connection with the transactions contemplated hereby shall survive the execution date of this Assignment for the applicable statute(s) of limitations.

7. INDEMNIFICATION

7.1. Assignor Indemnification.

Assignor hereby agrees to indemnify and hold Assignee harmless against any third party claims resulting in any loss, damage, or expense (including reasonable attorney's fees, expenses and costs) resulting from (a) any breach in any material respect by Assignor of the provisions of this Assignment; and (b) any breach in any material respect of any of the representations, warranties, or covenants made by Assignor herein.

7.2. Assignee Indemnification.

Assignee hereby agrees to indemnify and hold Assignor harmless against any third party claims resulting in any loss, damage, or expense (including reasonable attorney's fees, expenses and costs) resulting from (a) any breach in any material respect by Assignee of the provisions of this Assignment; and (b) any breach in any material respect of any of the representations, warranties, or covenants made by Assignee herein.

8. MISCELLANEOUS

8.1. Merger and Integration; Binding on Successors; No Third Party Beneficiaries.

This Assignment, together with the Option Agreement, sets out the entire understanding of the parties with respect to the matters it purports to cover and supercedes all prior communications, agreements and understandings, whether written or oral, concerning such matters. No party will be liable or bound to any party in any manner by any warranties, representations, or covenants other than those set forth in this Assignment. The terms and conditions of this Assignment will inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Assignment, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Assignment, except as expressly provided in this Assignment.

8.2. Governing Law; Jurisdiction and Venue.

THE INTERPRETATION AND CONSTRUCTION OF THIS ASSIGNMENT AND THE RIGHTS OF THE PARTIES HEREUNDER WILL BE INTERPRETED, CONSTRUED, AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE COURTS OF SUCH JURISDICTION IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT AGAINST IT RELATED TO OR IN CONNECTION WITH THIS ASSIGNMENT HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW (AND ASSUMING EFFECTIVE SERVICE OF PROCESS), EACH PARTY HERETO HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION, OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION, OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION, OR PROCEEDING IS IMPROPER, OR THAT THIS ASSIGNMENT MAY NOT BE LITIGATED IN OR BY SUCH COURT. EACH PARTY HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR ADMINISTRATIVE NOTICE SET FORTH HEREIN OR ANY OTHER METHOD AUTHORIZED BY THE LAWS OF NEW YORK.

8.3. Forbearance and Waiver.

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any party's forbearance in the exercise or enforcement of any right or remedy under this Assignment will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

8.4. Amendment.

No amendment to this Assignment will be valid or binding unless and until reduced to writing and executed by each party's authorized representative.

8.5. Attorney's Fees.

In the event of any suit, action, or arbitration proceedings (whether based on contract, tort, or any other theory of liability) to enforce any provision of this Assignment, to recover damages for a breach hereof, or to secure or preserve the rights of any party against any other party to any property which is the subject of this Assignment, the prevailing party will be entitled to recover reasonable attorney fees (other than fees computed on a contingency fee basis), court costs and expenses of arbitration and litigation expended in the prosecution or defense thereof.

8.6. Schedules and Exhibits.

All Schedules and Exhibits hereto are incorporated herein by reference and made a part of this Assignment. Any fact or item which is disclosed in any part of any Schedule or Exhibit hereto or the notes thereto will be deemed to have been disclosed in every part of such Schedules and Exhibit where it is reasonably apparent that such fact or item is relevant to the matters there under consideration, notwithstanding the omission of a reference or cross-reference thereto.

8.7. Captions.

Captions are set forth herein merely for convenience, and shall not be deemed dispositive in the construction of this instrument.

8.8. Partial Invalidity.

Any invalidity, illegality or unenforceability of any provision of this Assignment in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

8.9. Multiple Counterparts.

This Assignment may be executed by the parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

[SIGNATURE PAGES ATTACHED HERETO]

IN WITNESS WHEREOF, this Assignment is entered into to be effective as of the Effective Date.

ASSIGNOR:

HPL Storage LP

By: HPL Storage, Inc.
its general partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

HP HOUSTON HOLDINGS, L.P.

By: HPL HOLDINGS GP, L.L.C.
its general partner

By: _____
Name: _____
Title: _____

EXHIBIT 1

ADDITIONAL DEFINITIONS

Terms defined in this Exhibit 1 will have the meanings set forth in this Exhibit.

TERM	DEFINITION
1. Affiliate	An "Affiliate" of a Person is any Person directly or indirectly controlling, controlled by, or under common control with the first such Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
2. Applicable Law	Any statute, law, ordinance, executive order, rule, or regulation (including a regulation that has been formally promulgated in a rule making proceeding but, pending final adoption, is in proposed or temporary form having force of law); guideline or notice having force of law; or approval, permit, license, franchise, judgment, order, decree, injunction, or writ of any Governmental Authority applicable to a specified Person or specified property, as in effect from time to time.
3. Encumbrance	Any lien, security interest, mortgage, pledge, hypothecation, assignment, easement, right-of-way, servitude, other encumbrance, equitable interest, charge, restrictive covenant, mineral interest, community or other marital property interest, right of first refusal or similar restriction, option, contractual provision, provision of Governing Documents, provision of Applicable Law, or other restriction or matter affecting title to the involved property or the freedom to dispose of any interest in or use the involved property or exercise voting rights associated therewith.
4. General Exceptions to Enforceability	Limitations on or exceptions to the enforceability of an agreement or instrument by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights, or (ii) general principles of equity relating to the availability of equitable remedies (regardless of whether such agreement or instrument is sought to be enforced in a proceeding at law or in equity).

5.	Governmental Authority	Any federal, state, foreign, tribal, local, or municipal governmental body; and any governmental, regulatory, or administrative agency, commission, body, agency, instrumentality, or other authority exercising or entitled to exercise any executive, judicial, legislative, administrative, regulatory, or taxing authority or power, including any court or other tribunal.
6.	Governing Documents	With respect to a particular Person, (i) if a corporation, the articles or certificate of incorporation and the bylaws; (ii) if a general partnership, the partnership agreement and any statement of partnership; (iii) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (iv) if a limited liability company, the articles of organization and operating agreement or regulations; (v) if another type of Person, any other charter or similar document promulgated, adopted, or filed in connection with the creation, formation, or organization of the Person; (vi) all equityholders' agreements, voting agreements, voting trust instruments, joint venture agreements, registration rights agreements, or other agreements or documents relating to the organization, management, or operation of the Person or relating to the rights, duties, or obligations of the equityholders of the Person, and (vii) any amendment or supplement to any of the foregoing.
7.	Knowledge	As to Assignor, "Knowledge" means the actual knowledge of any of the individuals presently serving officer, member of the board of directors, or limited liability company manager of Assignor or its general partner, and the knowledge that such individual would have obtained as a result of the proper operation of reporting procedure concerning the business of Assignor that was not grossly negligent.
8.	Permitted Encumbrance	Any Encumbrance securing any obligation of Buyer or any of its Affiliates.
9.	Person	Any individual, corporation, partnership, limited liability company, other business organization of any kind, association, trust, or governmental entity, agency, or instrumentality.
10.	Proceeding	Any action, arbitration proceeding, audit, hearing, investigation, inquiry, litigation, or suit (in each such case whether civil, criminal, administrative, judicial, or investigative and whether formal or informal, public or private) commenced, brought, conducted, or heard by or before any Governmental Authority or arbitrator.

EXHIBIT 2.4.1(F)

FORM OF TRANSITION SERVICES AGREEMENT

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement") is entered into as of January 26, 2005 (the "Effective Date"), by and between AEP Energy Services, Inc. ("Provider") and La Grange Acquisition, L.P. ("Company").

RECITALS

A. HPL Storage LP and AEP Energy Services Gas Holding Company II, L.L.C. ("Sellers") are selling to Company all of the general partner interests and all but two percent (2%) of the limited partner interests in HPL Consolidation LP (the "Purchased Interests") pursuant to a certain Purchase and Sale Agreement (the "Purchase Agreement") dated as of January 26, 2005, between Sellers and Company.

B. In connection with the sale and purchase of the Purchased Interests, each party hereto desires that Provider provide to Company (1) the services of certain employees, (2) certain limited access to the computer, information, and communication systems and facilities of Provider, and (3) the use of certain articles of personal property and rights of occupancy of certain leased premises pending the assignment of those leases. Provider has agreed to provide such services, access, and property rights to Company in accordance with the terms and conditions of this Agreement; and

C. Under this Agreement, the parties desire to make arrangements for the Company's purchase of the personal property described above and for the assignment of the above-described leases to the Company.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. RULES OF CONSTRUCTION; DEFINITIONS

1.1. Definitions.

As used in this Agreement, terms defined in Exhibit 1.1 have the meanings set forth therein, and capitalized terms used herein or in Exhibit 1.1 not otherwise defined herein or in Exhibit 1.1 shall have the meanings set forth in the Purchase Agreement or, to the extent they are accounting terms, they will have the meanings set forth in GAAP.

1.2. Rules of Construction.

Unless the context of this Agreement requires otherwise, the plural includes the singular, the singular includes the plural, and "including" has the inclusive meaning of "including without limitation." The words "hereof," "herein," "hereby," "hereunder" and other similar terms of this Agreement refer to this Agreement as a whole and not exclusively to any particular provision of this Agreement. All pronouns and any

variations thereof will be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require. Unless otherwise expressly provided, any agreement, instrument or Applicable Law defined or referred to herein means such agreement or instrument or Applicable Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Applicable Law) by succession of comparable successor law and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein.

2. EMPLOYEES; ACCESS; PROPERTIES

2.1. Services of the Employees.

Subject to the provisions of Section 5.2 hereof, Provider shall employ and pay the employees included in the Closing Workforce, which are identified on Schedule 2.1 attached hereto (each, an "Employee," and, collectively, the "Employees"), and Company or its Affiliates shall direct and manage the Employees to provide Company or its Affiliates with the services Company or its Affiliates desire the Employees to provide, which services shall not be substantially different from the services as were provided by such Employees immediately prior to the Effective Date (the "Services"). Company shall not direct or manage the Employees in any manner that results in a violation of Applicable Law.

Provider will not charge for Employees to the extent that their services under this Agreement are devoted to services for the primary benefit of AEP or its Affiliates.

2.2. Access.

Provider shall provide or cause to be provided to Company or its Affiliates the access to employees, computer systems, information systems, and communication systems and facilities set forth in Schedule 2.2 (the "Access"). Such Access will be limited to the employees, computer systems, information systems, and communication systems and facilities expressly identified in Schedule 2.2 for purposes of conducting the Business after Closing, and all risks and costs resulting from such limitations will be borne by Company. Except as required by this Agreement for the development and implementation of the Migration Plan, Provider will have no obligation to provide personnel who are trained in the Access except to the extent that such personnel were included in the Closing Workforce and remain employed by Provider.

2.3. Properties.

For a period of 100 days commencing on the Effective Date, Provider shall, at its expense, use commercially reasonable efforts to (a) assign or cause to be assigned to Company certain licenses for computer software applications that are presently licensed to Provider or its Affiliates in connection with the Business identified in Schedule 2.3 hereto, (b) at its election, assign or sublease existing leases of the personal property set forth on Schedule 2.3 hereto (and obtain all necessary consents for such assignment or sublease) or purchase such personal property from third parties,

and (c) at its election, assign or sublease all leases of real property set forth on Schedule 2.3 hereof (and obtain all necessary consents to such assignment or sublease) (collectively, the "Properties"), in accordance with the timetable and prices set forth on such Schedule.

If Provider is unable to effect the assignment described in clause (a) above with respect to any such software application within the above-referenced 100 day period, Provider will obtain for Company or its designee at Provider's sole expense a license of the current release of that software application product, sufficient to support the use historically made of that application by the HPL Entities. Provider will have no obligation or liability to Company or any of its Affiliates if Company is unable to effect the assignment or purchase of the personal property described in clause (b) above within the above-referenced 100 day period.

Subject to Section 2.3, in accordance with the timetable set forth on Schedule 2.3 hereof, Company shall (a) assume the software licenses set forth on Schedule 2.3 hereof that are assigned to the Company, (b) assume or sublease the leases for the personal property set forth on Schedule 2.3 hereof that are assigned to the Company or purchase such personal property from Provider if Provider purchases it, and (c) assume or sublease all leases of real property set forth on Schedule 2.3 hereof.

2.4. Impracticability.

Provider shall not be required to provide any Employee, Access, or Property to the extent that, and so long as, the provision of such Employee, Access, or Property (a) becomes impracticable, in a material respect, as a result of Force Majeure, (b) would require Provider to violate any Applicable Laws, or (c) would result in the breach of any agreement or other applicable contract existing on the Effective Date. The Term of this Agreement shall not be extended by the amount of time such condition described in this Section 2.4 exists.

2.5. Information to be Furnished to Provider.

Company agrees to provide Provider in a timely manner with responses to requests for decisions, information, and policy declarations necessary for, or reasonably requested by Provider to provide the Employees, Access, and Properties required to be provided by Provider hereunder. Without limitation of the foregoing, Company agrees to provide Provider with all decisions, information, and policy declarations necessary to effect compliance with the Fair Labor Standards Act. Notwithstanding anything in this Agreement to the contrary, Provider's obligations hereunder shall be suspended to the extent that, and so long as, the performance thereof is prevented or hindered by Company's failure to provide timely decisions, information, or policy declarations and Provider has notified Company in writing of such failure. The Term of this Agreement shall not be extended by the amount of time such failure of Company described in this Section 2.5 exists.

2.6. No Additional Resources.

In providing the Employees, the Access, and the Properties, Provider shall not be obligated to (a) hire any additional employees (including to replace any Employee whose employment terminates for any reason during the Term of this Agreement), (b) maintain the employment of any specific Employee, or (c) purchase, lease or license any additional equipment or materials.

3. MIGRATION PLAN

Within 30 days following the Effective Date, the parties will develop a written plan (the "Migration Plan") that will (a) identify those elements of the AEP infrastructure that are presently used by the computer systems, information systems, and communication systems used in the Business, (b) specify a procedure to migrate each such system off the AEP infrastructure, including a specification of any replacement infrastructure that is to be put in place or used, (c) for each such system specify a deadline for the implementation of the migration[1], and (d) for each such system give a specification of what migration costs are to be borne by Provider, all other costs being borne by Company. The parties hereto agree that the migration costs to be borne by Provider with respect to any such system will not exceed the costs that would be incurred to migrate that system into the present infrastructure of the HPL Entities, without significant interconnection to or integration with any other infrastructure. The parties agree to implement any Migration Plan developed by mutual agreement.

If the parties do not complete a mutually agreed, written Migration Plan within that 30 day period, or any extended period to which the parties may agree in writing, either party shall have the right on written notice to the other party to have the parties hereto jointly engage Insource Technology Corp. or another mutually acceptable independent consulting firm to develop the Migration Plan. The costs of such consultant's services will be paid 1/2 by Provider and 1/2 by Company. The parties agree to implement the Migration Plan as developed by the consulting firm.

4. TERM AND TERMINATION

4.1. Term.

Employees will be provided under Section 2.1 for 100 days following the Effective Date. Access will be provided under Section 2.2 to a particular item specified in Schedule 2.2 for the period set out in that Schedule or, if longer, until the deadline for the migration of that item off of the AEP infrastructure in accordance with the Migration Plan (whether or not the migration is then complete, but taking into account any extensions of that deadline at Company's election as a result of any breach of the Migration Plan by Provider).

[1] Because of the way the Migration Plan relates to the term of this Agreement, it will be appropriate to provide that the deadline for migration would be extended, at Company's election, for any delay caused by a breach of the Migration Plan by Provider.

4.2. Termination.

This Agreement or the provision of any particular Employee, Access, or Properties may be terminated by the mutual written consent of the parties at any time. Either party may terminate this Agreement if (a) the other party defaults under this Agreement in any material respect and (b) such default is not cured within 30 days after such defaulting party receives written notice of such default.

5. COMPENSATION

5.1. Charges For Employees and Properties.

Except as otherwise provided in this Agreement or in any Schedule to this Agreement with respect to any particular Employee, Company will reimburse Provider, as full consideration for the provision of any Employee, for all Employee Costs and reasonable out-of-pocket expenses incurred by Provider (including expense reimbursements to employees in conformity with Company's employee expense reimbursement plan) in providing such Employee after January 31, 2005. For purposes of this Agreement, "Employee Costs" of a particular Employee shall be equal, on a per diem basis, to the following: 135% of that Employee's actual annual compensation (as such compensation, including previously-scheduled increases in compensation, has been previously disclosed to Company pursuant to the Purchase Agreement), divided by 2080, multiplied by 8. Company will purchase and pay for the Properties according to the prices set forth on Schedule 2.3 hereof. Company will also pay any sales or excise taxes imposed on all transactions under this Agreement.

5.2. Retention or Release of Employees.

At any time and from time to time during the Term, and in accordance with the terms of the Purchase Agreement and Exhibit 5.3.1(a) thereto, Company shall determine, in its sole discretion, which Employees to whom it desires to make Offers of Employment. If Company makes an Offer of Employment to an Employee, and such Employee accepts Company's Offer of Employment, such Employee becomes a Transferred Employee under the Purchase Agreement. As of the Hire Date of such Transferred Employee, such Transferred Employee will receive the compensation and other benefits set forth in Section 5.3 of the Purchase Agreement, and Company shall have no further obligation to pay to Provider the Employee Costs associated with such Employee. In the event that Company desires to release from this Agreement any Employee, Company shall provide Provider written notice thereof in accordance with the Purchase Agreement. On the fifteenth day following the date of such written notice (such Employee's "Release Date"), such Employee shall be released from the operation of this Agreement, and Company shall no longer have any obligation to pay the Employee Costs associated with such Employee. In the event that an Employee terminates his or her employment for any reason prior to his Hire Date or Release Date, upon the effective date of such termination (such Employee's "Termination Date"), Company shall no longer have any obligation to pay the Employee Costs associated with such Employee. Upon the Hire Date, Release Date, or Termination

Date of any Employee, Provider shall no longer have an obligation to provide, and Company shall have no payment obligation to Provider hereunder for, such Employee (or any substitute employee) or the Services or Access to the extent associated with such Employee.

5.3. Charges for Access.

There will be no reimbursement by Company to Provider associated with providing Access other than (a) reimbursement of Provider's reasonable out-of-pocket costs, if any, incurred as a result of providing such Access and associated direct payroll costs for personnel not included in Employees allocable to the provision of such Access under the cost allocation policies and practices historically used in allocating such costs to the Business before the Effective Date, and (b) reimbursement in accordance with, but not in addition to payment obligations of the Company under, Section 5.1 for the provision of any Employees of Provider rendered in connection therewith. Notwithstanding anything to the contrary contained in this Agreement, in no event will Company be responsible to Provider for any additional fees or other costs over Provider's or its Affiliates' current license or lease fees imposed by a licensor of the software systems identified on Schedule 2.2 hereof as a result of the provision by Provider to Buyer of the Access to the software systems under this Agreement.

5.4. Payment Terms.

Provider shall bill Company monthly for all charges pursuant to this Agreement. Such bills shall be accompanied by reasonable documentation supporting such charges. Such invoices shall be paid within 10 days after receipt. Late payments shall bear interest at the Borrowing Rate. Provider may suspend its performance of this Agreement at any time, and for such time, as undisputed charges due to such party remain outstanding more than 30 days after the receipt by Company of any such invoice. The Term of this Agreement shall not be extended by the amount of time of any suspension under this Section 5.4.

6. GENERAL OBLIGATIONS; STANDARD OF CARE

6.1. Performance Standards.

Company shall have all right and responsibility to direct and manage the activities of the Employees. Provider shall have no right or responsibility with regard to the Employee's activities and shall have no obligation to ensure that any degree of care or skill is taken by the Employees or with respect to their work product.

6.2. DISCLAIMER OF WARRANTIES.

EXCEPT AS OTHERWISE SET FORTH HEREIN OR IN THE PURCHASE AGREEMENT, PROVIDER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE EMPLOYEES, THE PERFORMANCE OF THE EMPLOYEES, THE SERVICES, THE RESULTS OF THE SERVICES, THE PROPERTIES, OR PROVIDER'S PERFORMANCE HEREUNDER.

6.3. Indemnification by Company.

Company shall defend, indemnify, and hold Provider, its Affiliates and respective successors and permitted assigns, and their respective shareholders, members, partners (general and limited), officers, directors, managers, employees, agents, and representatives, and each of their heirs, executors, successors, and assigns harmless from and against and in respect of any and all Damages incurred by such party which arise out of, or result from(a) a breach of this Agreement by Company, (b) the performance by Provider of any of its duties, and the exercise of any of its rights, under Sections 2.1 or 2.2 hereof or Company's use and occupancy of Properties, in each such case in accordance with the terms hereof in all material respects, (c) the performance of any Services by the Employees, or (d) any claim of any Employee under Applicable Law arising out of Company's direction or management of such Employee or out of Company's operation of the Business, other than liabilities arising from the gross negligence or willful misconduct of Provider or any of its Affiliates.

6.4. Good Faith Cooperation.

The parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of the Employees, Services, Access, and Properties.

7. RELATIONSHIP BETWEEN THE PARTIES

The relationship between the parties established under this Agreement with respect to Employees, Access, Properties, and Services is that of independent contractors, and neither party shall be deemed an employee, agent, partner, or joint venturer of or with the other. Provider will, subject to reimbursement pursuant to Article 5, be solely responsible for the payment of any employment-related taxes, insurance premiums, or employment benefits in respect of the provision of the Employees under this Agreement.

8. FORCE MAJEURE

"Force Majeure" means an event, cause, contingency, or circumstance that renders a party unable, wholly or in part, to perform its obligations under the applicable provisions of this Agreement, and that is beyond the reasonable control of the party (including earthquake, hurricane, or other natural disaster or act of war or terrorism or the requirements of any order of a Governmental Authority of competent jurisdiction). A party seeking to have its obligations suspended because of Force Majeure shall have the burden of proving the existence, duration, and adverse effect of such Force Majeure event. The party affected by Force majeure shall promptly notify the other party of the cessation of such Force Majeure event. The Term of this Agreement shall not be extended by the amount of time such Force Majeure event described in this Article 8 exists.

9. GENERAL PROVISIONS

9.1. Notice Provisions.

Any notice that is required or permitted under this Agreement may be given by personal delivery to the party entitled thereto, by facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U.S. Certified or Registered Mail, return receipt requested, addressed to the party entitled thereto, at:

If to Provider:	AEP Energy Services, Inc. Attention: Ronald A. Erd 1 Riverside Plaza Columbus, Ohio 43215 Facsimile No.: (614) 716-1452
With copy to:	Clark, Thomas & Winters, P.C. Attention: C. Joseph Cain 300 West 6th Street, 15 th Floor Austin, Texas 78701 Facsimile No.: (512) 474-1129
With copy to:	American Electric Power Company, Inc. Attention: Randy G. Ryan 1 Riverside Plaza Columbus, Ohio 43215 Facsimile No.: (614) 583-1603
If to Company:	La Grange Acquisition, L.P. Attention: Jim LaBaure 800 E. Sonterra Blvd., Suite 400 San Antonio, Texas 78228 Facsimile No.: (210) 403-7524
With copy to:	Hunton & Williams LLP Attention: Joe A. Davis 1601 Bryan Street, Suite 3000 Dallas, Texas 75201 Facsimile No.: 214-880-0011
With copy to:	Energy Transfer Partners, L.P. Attention: Robert A. Burk 8801 S. Yale, Suite 310 Tulsa, Oklahoma 74137 Facsimile No.: (918) 493-7290

Any notices will be sent to the address or facsimile number when permitted, as specified in this Agreement or at such other address or facsimile number for a party as it may specify in writing to the other parties from time to time. Any notice properly given to the proper address will be deemed to have been given when dispatched.

9.2. Confidentiality.

Each of the parties hereby agrees, except in order to comply with Applicable Law and any applicable stock exchange rules and regulations, not to disclose (or permit any of their Affiliates to disclose), in whole or in part, this Agreement or any information disclosed by one party to the other parties during the period beginning on the effective date of the Confidentiality Agreement and ending on the Closing Date and which constituted or would constitute Confidential Information to any Person, other than an Affiliate of a party who requires such Confidential Information in connection with the Services or the provision of the Employees, Access, or Properties, for a period of 2 years from the Closing Date without having first obtained the prior written consent of the disclosing party. Additionally, each of the parties hereby agrees not to use (or permit any of their Affiliates to use) any of the Confidential Information for any purpose other than the exercise of that party's rights and the performance of its obligations under this Agreement and the Services and the provision of the Employees, Access, and Properties. Additionally, each of the parties agrees not to disclose, except in order to comply with Applicable Law and any applicable stock exchange rules and regulations, or use (or permit any of their Affiliates to so disclose or use), for a period of 2 years from the Closing Date, any Business Information and to otherwise treat such information and documents as Confidential Information for all purposes hereunder. Each of the parties further agrees to protect the Confidential Information by using the same degree of care, but not less than a reasonable degree of care, to prevent the unauthorized use, dissemination, or publication of the Confidential Information as such party uses to protect its own confidential information of a like nature. The provisions of this Section 9.2 impose no obligation upon a party with respect to specific Confidential Information which (a) except for Business Information in possession of Sellers, was in such party's possession before receipt from the disclosing party as evidenced by written records; (b) is or becomes a matter of public knowledge through no fault of such party; (c) except for Business Information in possession of Sellers, is rightfully obtained by such party from a third party who represents that it is free to pass on such information without a duty of confidentiality and the receiving party has no knowledge of any such duty of confidentiality; (d) is disclosed by the disclosing party to a third party without a duty of confidentiality on the third party; or (e) except for Business Information in possession of Sellers, is independently developed by such party as evidenced by written records. It is understood and agreed that "Confidential Information" as used in this Agreement also includes any Business Information disclosed or discovered during the Term hereof.

9.3. Schedules and Exhibits.

All Schedules and Exhibits hereto are incorporated herein by reference and made a part of this Agreement. Any fact or item which is disclosed in any part of any Schedule or Exhibit hereto will be deemed to have been disclosed in every part of such Schedules and Exhibit where such fact or item is relevant to the matters there under consideration, notwithstanding the omission of a reference or cross-reference thereto.

9.4. Interest on Overdue Amounts.

Any amount due to a party under this Agreement will earn interest accruing daily from the due date thereof until paid at the Borrowing Rate.

9.5. Amendment.

No amendment to this Agreement will be valid or binding unless and until reduced to writing and executed by each party's authorized representative.

9.6. Merger and Integration; Binding on Successors; No Third Party Beneficiaries; Assignment.

This Agreement, along with the Purchase Agreement, sets out the entire understanding of the parties with respect to the matters it purports to cover and supersedes all prior communications, agreements and understandings, whether written or oral, concerning such matters. No party will be liable or bound to any party in any manner by any warranties, representations, or covenants other than those set forth in this Agreement, the Purchase Agreement, and the instruments to be executed and delivered at Closing. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. No party to this Agreement shall have the right to assign this Agreement, or any of its rights or obligations hereunder, without the written consent of the other parties (such consent not to be unreasonably withheld); *provided*, *however*, that without the consent of the other parties, a party hereto may assign this Agreement, and its rights and obligations hereunder, to an Affiliate of such party but, in such event, the assigning party will not be released from its obligations hereunder.

9.7. Forbearance and Waiver.

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any party's forbearance in the exercise or enforcement of any right or remedy under this Agreement will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

9.8. Partial Invalidity.

Any invalidity, illegality or unenforceability of any provision of this Agreement in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

9.9. Limitation on Damages

No party will be liable to any other party under this Agreement for special, indirect, incidental, consequential, or punitive damages.

9.10. Attorney's Fees.

In the event of any suit, action, or arbitration proceedings (whether based on contract, tort, or any other theory of liability) to enforce any provision of this Agreement, to recover damages for a breach hereof, or to secure or preserve the rights of any party against any other party to any property which is the subject of this Agreement, the prevailing party will be entitled to recover reasonable attorney fees (other than fees computed on a contingency fee basis), court costs and expenses of arbitration and litigation expended in the prosecution or defense thereof.

9.11. Governing Law; Jurisdiction and Venue.

THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER WILL BE INTERPRETED, CONSTRUED, AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE COURTS OF SUCH JURISDICTION IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT AGAINST IT RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW (AND ASSUMING EFFECTIVE SERVICE OF PROCESS), EACH PARTY HERETO HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION, OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION, OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION, OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY DOCUMENT OR INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURT. EACH PARTY HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR ADMINISTRATIVE NOTICE SET FORTH HEREIN OR ANY OTHER METHOD AUTHORIZED BY THE LAWS OF NEW YORK.

9.12. Waiver of Right to Jury Trial.

To the fullest extent permitted by law, and as separately bargained-for-consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this Agreement or Services or the provision of Employees, Access, or Properties.

9.13. Construction.

This Agreement was prepared jointly by the parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

9.14. Multiple Counterparts.

This Agreement may be executed by the parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

9.15. Further Assurances.

Upon request from time to time, Provider and Company shall execute or cause to be executed and delivered such other documents and instruments and do such other acts as may be reasonably necessary or appropriate with regard to the Services or to provide the Employees, Access, or Properties.

9.16. Headings.

The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

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IN WITNESS WHEREOF, the Parties have signed this Transition Services Agreement effective as of the Effective Date.

AEP Energy Services, Inc.

By: _____
Name: Ronald A. Erd
Title: Vice President

La Grange Acquisition, L.P.

By: LA GP, LLC,
its general partner

By: _____
Name: _____
Title: _____

EXHIBIT 1.1

TO

TRANSITION SERVICES AGREEMENT

DEFINITIONS

Terms defined in this Exhibit 1.1 will have the meanings set forth in this Exhibit.

TERM	DEFINITION
1. Access	As defined in Section 2.1 of this Agreement.
2. Agreement	As defined in the first paragraph of this Agreement.
3. Company	As defined in the first paragraph of this Agreement.
4. Effective Date	As defined in the first paragraph of this Agreement.
5. Employee	As defined in Section 2.1 of this Agreement.
6. Employee Costs	As defined in Section 5.1 of this Agreement.
7. Force Majeure	As defined in Article 8 of this Agreement.
8. Migration Plan	As defined in Article 3 of this Agreement.
9. Properties	As defined in Section 2.3 of this Agreement.
10. Provider	As defined in the first paragraph of this Agreement.
11. Purchase Agreement	As defined in Recital A of this Agreement.
12. Purchased Interests	As defined in Recital A of this Agreement.
13. Release Date	As defined in Section 5.2 of this Agreement.
14. Sellers	As defined in Recital A of this Agreement.
15. Services	As defined in Section 2.1 of this Agreement.
16. Term	As defined in Section 4.1 of this Agreement.
17. Termination Date	As defined in Section 5.2 of this Agreement.

SCHEDULE 2.1

TO

TRANSITION SERVICES AGREEMENT

Employees

SCHEDULE 2.2

TO

TRANSITION SERVICES AGREEMENT

Access

These items are included in the Access, but only to the extent necessary to operate the Business and may only be used by the Employees.

1. SOFTWARE SYSTEMS

1.1. PGAS – Measurement system

1.2. GMS – Gas Management, Logistics and Scheduling system

1.3. RAFT – Credit system

1.4. Web Methods – Integration Framework that bridges data between Business systems (i.e. Tradeblotter to GMS)

1.5. OpenLink – Risk system

1.6. Tradeblotter – Trade Capture system - in house

1.7. CQG – Software that provides real time interactive information to traders

1.8. ICE – Intercontinental Exchange; Trading platform

1.9. Newsgrazer – Tool that provides real time news updates

1.10. PeopleSoft – A/R, A/P, G/L, Time reporting system

1.11. Nova – Expense reporting system

1.12. Lotus Notes – Email system

1.13. RightFax – Automated faxing software

1.14. Documentum – Document storage software

1.15. AutoCad, et al – Computer Aided Design / Drafting application

1.16. NICE Tape Retrieval – Phone recording retrieval system

1.17. Microsoft Project – Project planning software

1.18. Microsoft Office Products – Excel, Word, Access

1.19. Microsoft Windows 2000 server – License for Windows 2000 operating system

1.20. MS SQL Server 2000 Standard – License for MS SQL Server 2000 Standard operating system

1.21. Visio – Software used for creating diagrams

1.22. Visual Studio.Net developer – Programming tool used by developers

1.23. Nortel – VPN Communication Client that allows remote connectivity

1.24. Fiberlink – Tool that allows remote access

1.25. Black Ice – Workstation Anti virus

1.26. AIX (IBM Unix) OS – License for IBM AIX operating system

1.27. Landesk – Tool used to remote to another's computer for break fix, training

1.28. PLSQL Developer – Developer query tool

1.29. EMC – Data Storage System

1.30. Microsoft Terminal Server – Applications accessed through terminal emulation

1.31. ETRALI – Phone recording system

1.32. TSM – Tivoli Storage Management system for tape backups

1.33. Oracle – Database licenses

1.34. All Microsoft products utilized in the business not listed above

1.35. FIS – Financial Interface System – Interface between GMS and PeopleSoft – in house

1.36. Docujet – CAD vendor application

1.37. Aries – CAD vendor application

1.38. PI Dwights Scout Express, et al – CAD vendor applications

1.39. ARCview, et al – CAD vendor application

1.40. Auto plant – CAD vendor application

1.41. CPDM – Engineering application

1.42. HTS Compress – Engineering application

1.43. MP2 – Engineering application

1.44. Plan – CAD vendor application

1.45. RSTRENG – Engineering application

1.46. Winflow Wintran – CAD vendor application

1.47. LPG almanac – CAD vendor application

1.48. HYSIS – CAD vendor application

1.49. PGAS Extract / Filter – Extract file sent to POPS – in house

1.50. Custom Invoices – in house

1.51. Custom Reports – in house

1.52. RTP/Deal Ticker – Real Time Position – in house

1.53. Gas Confirms – in house

1.54. Nomination Screen – in house

1.55. Gas Ops – Scheduling Logging tool – in house

1.56. IRIS – Reserve / supply queries – in house

1.57. TRRC – Regulatory application – in house

1.58. LawPack – Litigation tracking system

1.59. BMC – Monitoring

1.60. Data and voice communications systems presently used by the HPL Companies

2. PERSONAL PROPERTY AND LEASES

2.1. All items in Sections 2 and 3 of Schedule 2.3 hereto.

Term: For each item other than item 1.10 above, the earlier of (a) 100 days after the Closing Date and (b) the date such item is assigned to Company if such system is listed on Schedule 2.3 hereof. For item 1.10 above, through August 31, 2005; provided, however, that Company may extend such Term through December 31, 2005 upon Provider’s written consent to such extension, which such consent shall not be unreasonably withheld.

SCHEDULE 2.3

TO

TRANSITION SERVICES AGREEMENT

Properties

1. SOFTWARE LICENSES

1.1. PGAS – Measurement system

1.2. GMS – Gas Management, Logistics and Scheduling system

1.3. Web Methods – Integration Framework that bridges data between Business systems (i.e. Tradeblotter to GMS)

1.4. OpenLink – Risk system [may require 120-180 days to assign]

1.5. Tradeblotter – Trade Capture system

1.6. RightFax – Automated faxing software

1.7. Documentum – Document storage software

1.8. AutoCad – Computer Aided Design / Drafting application

1.9. NICE Tape Retrieval – Phone recording retrieval system

1.10. Microsoft Project – Project planning software

1.11. Microsoft Office Products – Excel, Word, Access

1.12. Microsoft Windows 2000 server – License for Windows 2000 operating system

1.13. MS SQL Server 2000 Standard – License for MS SQL Server 2000 Standard operating system

1.14. Visio – Software used for creating diagrams

1.15. Visual Studio.Net developer – Programming tool used by developers

1.16. Adobe Acrobat Writer – Software that converts documents to an unalterable state

1.17. Nortel – VPN Communication Client that allows remote connectivity

1.18. Fiberlink – Tool that allows remote access

1.19. Easy CD creator – Utility that burns CD

1.20. Black Ice – Workstation Anti virus

1.21. AIX (IBM Unix) OS – License for IBM AIX operating system

1.22. Landesk – Tool used to remote to another's computer for break fix, training

1.23. PLSQL Developer – Developer query tool

1.24. EMC – Data Storage System

1.25. Microsoft Terminal Server - Applications accessed through terminal emulation

1.26. ETRALI – Phone recording system

1.27. TSM – Tivoli Storage Management system for tape backups

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1.32. Aries – CAD vendor application

1.33. PI Dwights Scout Express, et al – CAD vendor applications

1.34. ARCview, et al – CAD vendor application

1.35. Auto plant – CAD vendor application

1.36. CPDM – Engineering application

1.37. HTS Compress – Engineering application

1.38. MP2 – Engineering application

1.39. Plan – CAD vendor application

1.40. RSTRENG - Engineering application

1.41. Winflow Wintran – CAD vendor application

1.42. LPG almanac – CAD vendor application

1.43. HYSIS – CAD vendor application

1.44. PGAS Extract / Filter – Extract file sent to POPS – in house

1.45. Custom Invoices – in house

1.46. Custom Reports – in house

1.47. RTP/Deal Ticker – Real Time Position – in house

1.48. Gas Confirms – in house

1.49. Nomination Screen – in house

1.50. Gas Ops – Scheduling Logging tool – in house

1.51. IRIS – Reserve / supply queries – in house

1.52. TRRC – Regulatory application – in house

1.53. LawPack – Litigation tracking system

1.54. BMC – Monitoring

2. PERSONAL PROPERTY

2.1. Furniture in office space in Corpus Christi, Texas

2.2. Furniture in office space in Robstown, Texas

2.3. Vehicles

2.3.1.	2002 Dodge Intrepid	VIN: 2B3HD46R02H265909
2.3.2.	2002 Dodge Intrepid	VIN: 2B3HD46R92H265908
2.3.3.	1999 Dodge Intrepid	VIN: 2B3HD46R5XH766785
2.3.4.	2003 Dodge Durango 1/2 Ton 4X4	VIN: 1D8HS38N73F559448
2.3.5.	2003 Ford Taurus	VIN: 1FAHP53U63A234366
2.3.6.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEK19V84Z290011
2.3.7.	2004 Ford Taurus	VIN: 1FAHP53U44A190062
2.3.8.	2003 Dodge Durango 4x4 1/2 Ton	VIN: 1D8HS38N33F559446
2.3.9.	2002 Dodge Quad Cab 3/4 ton 2WD	VIN: 3B7KC23Z82M258790
2.3.10.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23732M258090
2.3.11.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23Z42M258809
2.3.12.	1991 Ford F350 1 1/2 Ton 2WD	VIN: 2FDLF47G7MCA07687
2.3.13.	1989 Chev 1T C-3500 2WD	VIN: 1GBJR33W3KF302107

2.3.14.	2000 Dodge 3/4 Ton 2WD	VIN: 1B7KC23Z5YJ133154
2.3.15.	1996 Dodge 1500 CC 4x4 1/2 Ton	VIN: 3B7HF13Y6TM179705
2.3.16.	2003 Ford 1/2 Ton 4X4	VIN: 1FTRX18W13NB12802
2.3.17.	1996 Ford PK 1/2 Ton 2WD	VIN: 1FTEX15N9TKA47645
2.3.18.	1999 Dodge RAM 1500 4x2 1/2 Ton	VIN: 1B7HC13Y5XJ630621
2.3.19.	2001 Dodge Ram 2500 Quad 4WD 3/4 Ton	VIN: 1B7KF23Z11J591366
2.3.20.	2000 Dodge 3/4 Ton C'Cab 4X4	VIN: 1B7KF23Z8YJ162770
2.3.21.	1999 Dodge Ram 1500 4x4 1/2 Ton	VIN: 3B7HF13Y4XG227027
2.3.22.	1998 Ford Supercab 4x2 1/2 Ton	VIN: 1FTZX1762WNA14206
2.3.23.	2002 Dodge 1/2 ton 4X4	VIN: 3D7HU18N62G191053
2.3.24.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z92M307101
2.3.25.	2002 Dodge Quad Cab 1/2 ton 4X4	VIN: 1D7HU18N12J176183
2.3.26.	1999 Dodge Ram 1500 4x2 1/2 Ton	VIN: 1B7HC13Z0XJ636254
2.3.27.	2004 Chev 1/2 Ton 4X4	VIN: 1GCHK29U44E315049
2.3.28.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z72M307100
2.3.29.	2001 Dodge Ram 1500 Quad 4x4 1/2 Ton	VIN: 1B7HF13YX1J601176
2.3.30.	2003 Ford 1/2 Ton 4X4	VIN: 1FTRX18WX3NB12801
2.3.31.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z42M307104
2.3.32.	2003 Ford 1/2 Ton 4X4	VIN: 1FTRX18W33NB12803
2.3.33.	2003 Ford 1/2 Ton 4X4	VIN: 1FTRX18W73NB12805
2.3.34.	1991 Ford F350 1Ton 2WD	VIN: 1FDKP37G7MNA54783
2.3.35.	2002 Dodge Quad Cab 1/2 ton 4X4	VIN: 1D7HU18NX2J176182
2.3.36.	2001 Dodge Ram 1500 Quad 2wd 1/2 Ton	VIN: 1B7HC13Y41J592936
2.3.37.	2002 Dodge 1/2 ton 4X4	VIN: 3D7HU18NX2G191041
2.3.38.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z02M307102
2.3.39.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEK19V04Z286826

2.3.40.	2003 Ford 1/2 Ton 4X2	VIN: 1FTRX17W73NB12806
2.3.41.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z62M307105
2.3.42.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEK19V74Z284264
2.3.43.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEC19V94Z282027
2.3.44.	1998 Dodge Ram 2500 4x2 3/4 Ton	VIN: 2B7JB21ZOXK565994
2.3.45.	2000 Dodge 2500 4x2 3/4 Ton	VIN: 1B7KC23Z2YJ158576
2.3.46.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEK19V74Z285835
2.3.47.	1999 3/4 Ton Dodge 2WD	VIN: 1B7KC23Z5XJ615458
2.3.48.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z22M307103
2.3.49.	2002 Dodge Quad Cab 1/2 ton 4X2	VIN: 1D7HA18N82J175587
2.3.50.	2003 Ford 1/2 Ton 4X4	VIN: 1FTRX18W53NB12804
2.3.51.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEK19V44Z284710
2.3.52.	2001 Dodge 1/2 ton 4x4	VIN: 1B7HF13Y81J601175
2.3.53.	2004 Chev 1 Ton 4X4	VIN: 1GBJK34264E377781
2.3.54.	2001 Dodge Ram 1/2 Ton 2WD	VIN: 3B7HC13Y41G726572
2.3.55.	2003 Ford 3/4 Ton 4X4	VIN: 3FTNX21L83MB22726
2.3.56.	2003 Ford 3/4 Ton 4X4	VIN: 3FTNX21LX3MB22727
2.3.57.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23Z92M277386
2.3.58.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23Z72M277385
2.3.59.	1999 Dodge 3/4 Ton C’Cab 4X4	VIN: 1B7KF23Z8XJ610925
2.3.60.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z52M307113
2.3.61.	2004 Chev 1/2 Ton 4X2	VIN: 1GCEK19V14Z287354
2.3.62.	1996 Ford 3/4 Ton 4X4 S’Cab	VIN: 1FTHX26H5TEB80493
2.3.63.	2004 Chev 1/2 Ton 4X4	VIN: 1GCEK19V54Z286613
2.3.64.	2004 Chev 1/2 Ton 4X4	VIN: 1GECK19VX4Z266339
2.3.65.	2004 Ford 3/4 Ton 4X4 S’Cab	VIN: 3FTNX21L04MA05109

2.3.66.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z12M307108
2.3.67.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23ZX2M245529
2.3.68.	2002 Dodge Quad Cab 1/2 ton 4X2	VIN: 1D7HA18N92J204255
2.3.69.	2001 Dodge Ram 1500 Quad 2wd 1/2 Ton	VIN: 1B7HC13Y61J592937
2.3.70.	2003 Ford 3/4 Ton 4X2	VIN: 3FTNX20LMB22884
2.3.71.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7JF23Z12M245533
2.3.72.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23ZXZM245532
2.3.73.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23Z62M245530
2.3.74.	1998 Chevy 3/4 Ton X'Cab 4x4	VIN: 1GCGK29R1WE255709
2.3.75.	2002 Dodge Quad Cab 3/4 ton 4X4	VIN: 3B7KF23Z82M245531
2.3.76.	2004 Chev 3/4 Ton 4X4	VIN: 1GCHK29U24E276204
2.3.77.	2003 Ford 3/4 Ton 4X4	VIN: 3FTNX21L63MB22885
2.3.78.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23ZX2M307107
2.3.79.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z82M307106
2.3.80.	2001 Dodge Ram 1500 Quad 2wd 1/2 Ton	VIN: 1B7HC13Y81J592938
2.3.81.	1998 Chevy Lumina	VIN: 2G1WL52M7W9297483
2.3.82.	1998 Dodge Intrepid	VIN: 2B3HD46R8WH219573
2.3.83.	2004 Ford Taurus	VIN: 1FAHP53U24A190061
2.3.84.	2004 Ford Taurus	1FAHP53U64A190063
2.3.85.	1998 Dodge Intrepid	VIN: 2B3HD46R5WH186290
2.3.86.	2002 Dodge Ram PU 3/4 Ton 4X4	VIN: 3B7KF23Z42M307099
2.3.87.	2004 Ford F350 1 Ton 4X4	VIN: 1FTWX33P14EC78978
2.3.88.	2003 Dodge Durango 4X4 1/2 Ton	VIN: 1D8HS38N53F559447
2.3.89.	1999 Ford Explorer 1/2 Ton	VIN: 1FMZU34X2XZA89978
2.3.90.	1997 Ford (3/4 ton) 2WD	VIN: 1FTEX27L8VKC65757
2.3.91.	1998 Dodge 2500 Ext Cab Long Bed 3/4 ton 2WD	VIN: 3B7KC22Z4WG163486

2.3.92.	2004 Chev 3/4 Ton	VIN: 1GCHC29284E333632
2.3.93.	2002 Dodge Ram PU 1 Ton 4X4	VIN: 3B7MF33632M307843
2.3.94.	1999 Dodge 1 Ton w/ welding 2WD	VIN: 1B7MC3356XJ574592
2.3.95.	2004 Ford F350 1 Ton 4X4	VIN: 1FTWX33PX4EC78977

2.4. Equipment

2.4.1.	911289 Big Tex 22
2.4.2.	911306 Texas Brag
2.4.3.	930346 2003 Perki
2.4.4.	950577 2001 TCM d
2.4.5.	950601 Tailift FD
2.4.6.	960119 Caterpilla
2.4.7.	960120 New Hollan
2.4.8.	960121 2003 JOHN
2.4.9.	980236 2002 POLAR
2.4.10.	980237 2002 HONDA
2.4.11.	980238 2002 HONDA
2.4.12.	980269 New Hollan
2.4.13.	980270 21 HP 48 i
2.4.14.	980271 2003 SCAG
2.4.15.	980284 Scag CTC48
2.4.16.	980285 Kubota M90
2.4.17.	980286 2004 Kawas
2.4.18.	980294 2005 Rhino

3. LEASES TO BE ASSIGNED

3.1. Lease for 11th Floor office space at 1201 Louisiana, Houston, Texas (to the extent such lease is not assigned prior to the Closing Date)

3.2. Sublease for 12th Floor office space at 1201 Louisiana, Houston, Texas (to the extent such sublease is not assigned prior to the Closing Date)

3.3. Lease for office space in Corpus Christi, Texas (to the extent such lease is not assigned prior to the Closing Date)

3.4. Lease for office space in Longview, Texas (to the extent such lease is not assigned prior to the Closing Date)

3.5. Lease for office space in Freer, Texas (to the extent such lease is not assigned prior to the Closing Date)

3.6. Lease for office space in Falfurrias, Texas (to the extent such lease is not assigned prior to the Closing Date)

EXHIBIT 2.4.1(G)

FORM OF SELLERS' LIMITED GUARANTY

SELLERS' LIMITED GUARANTY

This **Limited Guaranty** (this "Guaranty"), dated as of January 26, 2005 (the "Effective Date"), is given by American Electric Power Company, Inc., a New York corporation ("Guarantor"), in favor of La Grange Acquisition, L.P., a Texas limited partnership ("Buyer") and the other Beneficiaries (as defined herein), and executed and delivered in connection with (i) the Purchase and Sale Agreement dated as of the date hereof (hereinafter referred to as the "Purchase Agreement") by and among HPL Storage LP, a Delaware limited partnership, and AEP Energy Services Gas Holding Company II, L.L.C., a Delaware limited liability company, (each an "Obligor" and collectively the "Obligors"), as sellers, and Buyer, as buyer, and (ii) the Cushion Gas Litigation Agreement dated as of the date hereof (hereinafter referred to as the "Cushion Gas Litigation Agreement") by and among Obligors, Buyer, and AEP Asset Holdings LP, a Delaware limited partnership, AEP Leaseco LP, a Delaware limited partnership, Houston Pipe Line Company LP, a Delaware limited partnership, and HPL Resources Company LP, a Delaware limited partnership (the latter four entities collectively referred to as the "HPL Companies"). The Purchase Agreement and the Cushion Gas Litigation Agreement are collectively referred to herein as the "Guaranteed Agreements".

RECITALS

A. Buyer and Obligors are entering into the Purchase Agreement providing for the acquisition by Buyer of the Purchased Interests (as defined in the Purchase Agreement).

B. Buyer, Obligors, and the HPL Companies are entering into the Cushion Gas Litigation Agreement in connection with the Purchase Agreement.

C. Obligors are direct or indirect wholly-owned subsidiaries of Guarantor, and Guarantor has agreed to provide this guaranty of Obligors' obligations under the Guaranteed Agreements as a material inducement to Buyer to execute and deliver the Guaranteed Agreements and to consummate the transactions contemplated thereby.

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Guaranteed Agreements, Guarantor hereby agrees as follows:

1. GUARANTY

1.1. Subject to the limitations contained herein, Guarantor hereby irrevocably, absolutely, and unconditionally guarantees to each Beneficiary and to its successors and permitted assigns the full, prompt, and faithful payment of the Guaranteed Obligations due to such Beneficiary (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) and without regard to any Applicable Law that would affect any of the rights of such Beneficiary to such payment. Upon any failure by any Obligor to pay Guaranteed Obligations, and upon the declaration of default by the affected Beneficiary or Beneficiaries, Guarantor agrees that it will upon a written demand signed by a duly authorized officer of such Beneficiary or Beneficiaries certifying that such Obligor has

failed to pay a Guaranteed Obligation, pay such Guaranteed Obligation to such Beneficiary or Beneficiaries. Subject to the limitations contained herein, Guarantor hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Obligations as primary obligor, and that this Guaranty is a guaranty of payment and not of collection. Guarantor agrees that a separate action or actions may be brought and prosecuted against Guarantor for any of the Guaranteed Obligations not otherwise paid by Obligors, whether action is brought against any Obligor or whether any Obligor is joined in any such action or actions (Guarantor hereby waiving any right to require Beneficiary to first proceed against any Obligor).

Guarantor agrees that, subject to Applicable Law, in the event of the dissolution or Bankruptcy of an Obligor or Guarantor, if such event shall occur at a time when any of the Guaranteed Obligations may not then be due and payable, Guarantor will pay each Beneficiary forthwith the full amount which would be payable by the dissolved or bankrupt Obligor or Guarantor if all such Guaranteed Obligations to such Beneficiary were then due and payable. In case either of the Guaranteed Agreements shall be terminated as a result of the rejection thereof by any trustee, receiver or liquidating agent of an Obligor or any of its properties in any Bankruptcy, insolvency, reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar proceeding, Guarantor's obligations hereunder shall continue to the same extent as if such Guaranteed Agreement had not been so rejected. Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment to any Beneficiary of any Guaranteed Obligation or any part thereof is rescinded or must otherwise be returned upon the Bankruptcy of an Obligor, or otherwise, as though such payment to the Guaranty beneficiary had not been made.

Notwithstanding anything contained herein to the contrary, Guarantor reserves the right to assert limitations of damages (including thresholds and caps on recoveries, disclaimers of consequential, punitive, or exemplary damages, and limitations on the survival of representations and covenants or otherwise of the time within which claims may be asserted) which an Obligor may have under the Guaranteed Agreements with respect to liability for payment of the Guaranteed Obligations other than defenses arising from the Bankruptcy, insolvency or similar proceeding of an Obligor and other defenses expressly waived hereby.

Guarantor waives any rights against Obligors that arise from the existence, payment, performance, or enforcement of Guarantor's obligations under this Guaranty or the Guaranteed Agreements, including any right of subrogation, reimbursement, exoneration, contribution, or indemnification and any right to participate in any claim or remedy of any Beneficiary against Obligors, until such time as all Guaranteed Obligations are fully and indefeasibly paid or discharged and the payment of all other obligations of Obligors owing to each Beneficiary under the Guaranteed Agreements shall have been indefeasibly paid in full or discharged. If any amount shall be paid to Guarantor in violation of the preceding sentence at any time prior to the payment in full in cash of the Guaranteed Obligations, such amount shall be held in trust for the benefit of the affected Beneficiary and shall forthwith be paid to such Beneficiary in accordance with the terms of the applicable Guaranteed Agreement or held as

collateral for any unsatisfied Guaranteed Obligations thereafter arising. Upon the full and indefeasible payment of all the Guaranteed Obligations, Guarantor shall be subrogated to the rights of all Beneficiaries against Obligors and each Beneficiary will, at Guarantor's request and expense, execute and deliver to Guarantor in a timely manner appropriate documents (without recourse and without representation and warranty) to implement such subrogation.

1.2. Any other provision of this Guaranty to the contrary notwithstanding, (i) the aggregate liability of Guarantor under this Guaranty for all Guaranteed Obligations shall not exceed the Purchase Price as defined in and determined under the Purchase Agreement, and (ii) Guarantor shall have no obligation under this Guaranty with respect to any Guaranteed Obligation unless Guarantor receives a written demand of payment under this Guaranty from the affected Beneficiary, describing such Guaranteed Obligations in reasonable detail, no later than the later to occur of (x) the eighth anniversary of the Effective Date or (y) the satisfaction of Sellers' obligations under Section 4 or 5.2 of the Cushion Gas Litigation Agreement, as applicable.

2. DEFINITIONS; RULES OF CONSTRUCTION

2.1. As used in this Guaranty, terms defined in Exhibit 2.1 have the meanings set forth therein, and capitalized terms used herein or in Exhibit 2.1 not otherwise defined herein or in Exhibit 2.1 shall have the meanings set forth in the Purchase Agreement.

2.2. Rules of Construction.

Unless the context of this Guaranty requires otherwise, the plural includes the singular, the singular includes the plural, and "including" has the inclusive meaning of "including without limitation." The words "hereof," "herein," "hereby," "hereunder" and other similar terms of this Guaranty refer to this Guaranty as a whole and not exclusively to any particular provision of this Guaranty. All pronouns and any variations thereof will be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require. Unless otherwise expressly provided, any agreement, instrument or Applicable Law defined or referred to herein means such agreement or instrument or Applicable Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Applicable Law) by succession of comparable successor law and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein.

3. EVENTS NOT DISCHARGING GUARANTOR'S OBLIGATIONS

Guarantor hereby authorizes each Beneficiary, without notice and without affecting Guarantor's liability hereunder, from time to time to: (a) renew, compromise, extend, accelerate, or otherwise change the terms of any Guaranteed Obligation with the agreement of the Obligor thereunder or otherwise in accordance with the terms thereof; (b) enter into agreements with Obligors that settle, compromise, release, discharge, accept or refuse any offer of performance with respect to, or substitutions

for, the Guaranteed Obligations; (c) request and accept other guarantees of the Guaranteed Obligations; (d) take, hold, waive, release, exchange, compromise, subordinate, or modify, with or without consideration, any security for payment or performance of any Guaranteed Obligation, any other guarantees of any Guaranteed Obligation, or any other obligation of any Person with respect to any Guaranteed Obligation; (e) enforce and apply such security and direct the order or manner of sale thereof as such Beneficiary in its discretion may determine; (f) delay in pursuing or decline to pursue rights or remedies against any Obligor, Guarantor, or any other obligor in respect of the Guaranteed Obligations and (g) act or fail to act in any manner referred to in this Guaranty which may deprive Guarantor of its rights of subrogation (if any) against any Obligor to recover full indemnity for any payments made pursuant to this Guaranty or of its right of contribution against any other party.

At any time and from time to time, without terminating, affecting or impairing the validity of this Guaranty or the obligations of Guarantor hereunder, any Beneficiary may deal with any Obligor in the same manner and as fully and as if this Guaranty did not exist and shall be entitled, among other things, to grant to any Obligor, without notice or demand and without affecting Guarantor's liability hereunder, such extension or extensions of time to perform, renew, compromise, accelerate or otherwise change the time for performance of the Guaranteed Agreements or otherwise change the terms of payment of any Guaranteed Obligation, or to waive any obligation of an Obligor to perform any act or acts as such Beneficiary may deem advisable.

4. ADDITIONAL WAIVERS

Any Beneficiary may resort to Guarantor for payment of any of the Guaranteed Obligations, whether or not such Beneficiary shall have resorted to any collateral security or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Guaranteed Obligations. To the extent permitted by Applicable Law, and except as otherwise provided in the Cushion Gas Litigation Agreement, Guarantor hereby unconditionally and irrevocably waives and relinquishes all rights and remedies accorded by Applicable Law to sureties or guarantors and agrees not to assert or take advantage of any such rights or remedies, including:

4.1. any defense that may arise by reason of the incapacity or lack of authority of any Obligor, or which results from any disability of any Obligor or the cessation or stay of enforcement from any cause related to such defenses against the liability of any Obligor;

4.2. any defense based upon a statute or rule of law which provides that the obligations of a surety must be neither larger in amount nor in other respects more burdensome than those of the principal;

4.3. any duty on the part of any Beneficiary to disclose to Guarantor any facts that such Beneficiary may now or hereafter know about any Obligor, including the financial condition of any Obligor or any other guarantor of the Guaranteed Obligations, or any change therein, or any other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations;

4.4. except to the extent Guarantor has subordinated such rights to any Beneficiary, any right to subrogation, reimbursement, exoneration, or contribution or any other rights that would result in Guarantor being deemed a creditor of any Obligor under the United States Bankruptcy Code or any other law, in each case arising from the existence or payment of any of the Guaranteed Obligations;

4.5. any right to require any Beneficiary, as a condition of payment by Guarantor, to pursue any other remedy in the power of such Beneficiary to proceed against or exhaust any security held by such Beneficiary;

4.6. any circumstance that constitutes a legal or equitable discharge of a guarantor or surety, other than indefeasible payment of the Guaranteed Obligations;

4.7. except as provided herein, notices, demands, presentments, protests, notices of protest, notices of dishonor, and notices of any action or inaction, including acceptance of this Guaranty, notices of default under the Guaranteed Agreements, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto;

4.8. any principles or provisions of law, statutory or otherwise, that are or might be in conflict with the terms of this Guaranty and any legal or equitable discharge of any of the Guaranteed Obligations hereunder;

4.9. any defense based on any offset against any amounts which may be owed by any Beneficiary or any Obligor to Guarantor for any reason whatsoever, or any defense, setoff, deduction, abatement, suspension, deferment, diminution, recoupment, limitation, termination, or counterclaim which may at any time be available to or asserted by an Obligor against any Beneficiary under the Guaranteed Agreements (other than defense of payment of the applicable amounts); and

4.10. any defense based upon the lack of validity or enforceability of the Guaranteed Agreements or any agreement or instrument relating thereto.

5. REPRESENTATIONS AND WARRANTIES

Guarantor represents and warrants to each Beneficiary as follows:

5.1. Guarantor is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all of its obligations under this Guaranty. The execution, delivery, and performance of this Guaranty, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary corporate action required on the part of Guarantor, and no other corporate proceedings on the part of Guarantor are necessary to authorize this Guaranty or to consummate the transactions contemplated hereby.

5.2. This Guaranty constitutes the valid and legally binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except as such enforceability may be limited by General Exceptions to Enforceability.

5.3. Neither the execution and delivery of this Guaranty, nor compliance with any provision hereof, nor the consummation of the transactions contemplated hereby will:

5.3.1. violate, conflict with, or result in a breach of any provisions of the Governing Documents of Guarantor;

5.3.2. breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any indenture, mortgage, lease, note, or other material contract or other instrument to which Guarantor is a party or by which its properties may be bound, except for such breaches, defaults (or rights of termination or acceleration or other remedy) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, materially impair Guarantor's authority, right or ability to perform its obligations under this Guaranty;

5.3.3. violate any Applicable Law to which Guarantor is subject, except where such violations, individually or in the aggregate, would not materially impair Guarantor's authority, right or ability to perform its obligations under this Guaranty; or

5.3.4. require consent or approval of, filing with, or notice to any Person which, if not obtained, would prevent Guarantor from performing its obligations hereunder.

5.4. There are no bankruptcy, reorganization, or arrangement proceedings pending against, being contemplated by, or, to the knowledge of Guarantor, threatened against Guarantor.

5.5. As of the date hereof and after giving effect to the contingent obligations hereunder, Guarantor is solvent.

6. NO IMPAIRMENT

Guarantor agrees and covenants that it will not take any action that will impair Obligors' ability to pay their respective obligations under the Guaranteed Obligations when due.

7. ASSIGNABILITY

This Guaranty is not assignable or transferable by Guarantor or any Beneficiary without the prior written consent of Guarantor (in the case of an assignment by any Beneficiary) or of Buyer (in the case of an assignment by Guarantor).

8. NOTICES

Any notice that is required or permitted under this Guaranty may be given by personal delivery to the party entitled thereto, by facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U.S. Certified or Registered Mail, return receipt requested, addressed to the party entitled thereto, at:

If to any Beneficiary:	[Name of Beneficiary] c/o La Grange Acquisition, L.P. Attention: Clay Kutch 2838 Woodside Street Dallas, Texas 75204 Facsimile No.: 214-981-0703
With copy to:	Energy Transfer Partners, L.P. Attention: Robert A. Burk 8801 S. Yale, Suite 310 Tulsa, Oklahoma 74137 Facsimile No.: 918-493-7290
If to Guarantor:	American Electric Power Company, Inc. Attention: Chief Financial Officer 1 Riverside Plaza Columbus, Ohio 43215 Facsimile No.: 614-716-1603
With copy to:	American Electric Power Company, Inc. Attention: General Counsel 1 Riverside Plaza Columbus, Ohio 43215 Facsimile No.: 614-716-1603

Any notices will be sent to the address or facsimile number when permitted, as specified in this Guaranty or at such other address or facsimile number for a party as it may specify in writing to the other parties from time to time. Any notice properly given to the proper address will be deemed to have been given when dispatched.

9. OTHER PROVISIONS

9.1. Rights Cumulative. The rights, powers and remedies given to Beneficiaries by this Guaranty are cumulative and shall be in addition to and independent of all rights, powers and remedies given to Beneficiaries by virtue of any statute or rule of law or in the Guaranteed Agreements. Any forbearance or failure to exercise, and any delay by any Beneficiary in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

9.2. Enforceability. In case any provision in this Guaranty is alleged to conflict with another provision of this Guaranty, such conflict shall be resolved in favor of the provisions which impose the greater liability upon Guarantor, it being the intent of Guarantor that its obligations hereunder are absolute and unconditional, except as limited herein.

9.3. Termination. Except as limited by the provision of Section 1.2 hereof, all obligations of Guarantor under this Guaranty shall continue in full force and effect until the date the Guaranteed Obligations shall have been fully paid or otherwise extinguished, at which time this Guaranty and all obligations of this Guaranty shall terminate and expire.

9.4. Interest on Overdue Amounts. Any amount due to any Beneficiary under this Guaranty will earn interest accruing daily from the due date thereof until paid at the Borrowing Rate.

9.5. Amendment. No amendment to this Guaranty will be valid or binding unless and until reduced to writing and executed by each party's authorized representative.

9.6. Merger and Integration; Binding on Successors; No Third Party Beneficiaries. This Guaranty and the Guaranteed Agreements set out the entire understanding of the parties with respect to the matters purportedly covered and supercede all prior communications, agreements and understandings, whether written or oral, concerning such matters. The terms and conditions of this Guaranty will inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Guaranty, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Guaranty, except as expressly provided in this Guaranty or in either Guaranteed Agreement.

9.7. Forbearance and Waiver. Except where a specific time period is provided hereunder for the exercise of a right or remedy, any party's forbearance in the exercise or enforcement of any right or remedy under this Guaranty will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

9.8. Partial Invalidity. Any invalidity, illegality or unenforceability of any provision of this Guaranty in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

9.9. Attorney's Fees. In the event of any suit, action, or arbitration proceedings (whether based on contract, tort, or any other theory of liability) to enforce any provision of this Guaranty, to recover damages for a breach hereof, or to secure or preserve the rights of any party against any other party to any property which is the subject of this Guaranty, the prevailing party will be entitled to recover reasonable attorney fees (other than fees computed on a contingency fee basis), court costs and expenses of arbitration and litigation expended in the prosecution or defense thereof.

9.10. Governing Law; Jurisdiction and Venue. **THE INTERPRETATION AND CONSTRUCTION OF THIS GUARANTY AND THE RIGHTS OF THE PARTIES HEREUNDER WILL BE INTERPRETED, CONSTRUED, AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE COURTS OF SUCH JURISDICTION IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT AGAINST IT RELATED TO OR IN CONNECTION WITH THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW (AND ASSUMING EFFECTIVE SERVICE OF PROCESS), EACH PARTY HERETO HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION, OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION, OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION, OR PROCEEDING IS IMPROPER, OR THAT THIS GUARANTY OR ANY DOCUMENT OR INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURT. EACH PARTY HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR ADMINISTRATIVE NOTICE SET FORTH HEREIN OR ANY OTHER METHOD AUTHORIZED BY THE LAWS OF NEW YORK.**

9.11. Waiver of Right to Jury Trial. To the fullest extent permitted by law, and as separately bargained-for-consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this Guaranty.

9.12. Construction. This Guaranty was prepared jointly by the parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

9.13. Multiple Counterparts.

This Guaranty may be executed by the parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

9.14. Headings.

The headings used in this Guaranty have been inserted for convenience and do not define or limit the provisions hereof.

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IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first set forth above.

American Electric Power Company, Inc.

By: _____
Name: Michael G. Morris
Title: Chairman, President and Chief Executive Officer

EXHIBIT 2.1

DEFINITIONS

Terms defined in this Exhibit 2.1 will have the meanings set forth in this Exhibit.

TERM	DEFINITION
1. Bankruptcy	With respect to any Person, a Voluntary Bankruptcy or an Involuntary Bankruptcy. A "**Voluntary Bankruptcy**" means, with respect to any Person, (i)(a) the inability of such Person generally to pay its debts as such debts become due, (b) the failure of such Person generally to pay its debts as such debts become due or (c) an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors; (ii) the filing of any petition or answer by such Person seeking to adjudicate it a bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of such Person or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property; or (iii) corporate action taken by such Person to authorize any of the actions set forth above. An "**Involuntary Bankruptcy**" means, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency, or similar statute, law or regulation, or the filing of any such petition against such Person which petition shall not be dismissed or stayed within sixty (60) days, or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person which order shall not be dismissed or stayed within sixty (60) days.
2. Beneficiaries	Buyer and each of the HPL Companies to the extent that any of the same is or may become entitled to payment of any amount under any of the Guaranteed Obligations.

3.	Cushion Gas Litigation Agreement	As defined in the first paragraph of the Guaranty.
4.	Effective Date	As defined in the first paragraph of the Guaranty.
5.	Guaranteed Agreements	As defined in the first paragraph of the Guaranty.
6.	Guaranteed Obligation	Each obligation of each Obligor to pay money under the Guaranteed Agreements, including any obligation to pay damages and amounts in the nature of indemnification.
7.	Guarantor	As defined in the first paragraph of the Guaranty.
8.	Guaranty	As defined in the first paragraph of the Guaranty.
9.	Obligor	As defined in the first paragraph of the Guaranty.
10.	Purchase Agreement	As defined in the first paragraph of the Guaranty.

EXHIBIT 2.4.2(H)

FORM OF BUYER'S LIMITED GUARANTY

CORPORATE GUARANTY

TO: **HPL Storage LP**, a Delaware limited partnership, and **AEP Energy Services Holding Company II, L.L.C.**, a Delaware limited liability company (each a "Beneficiary" and together with their affiliates, "Beneficiaries").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and to induce Beneficiaries to do business with **La Grange Acquisition, L.P.**, a Texas limited partnership ("Debtor"), the undersigned, **Energy Transfer Partners, L.P.** , a Delaware limited partnership ("Guarantor"), hereby irrevocably, unconditionally, and absolutely guarantees to each of Beneficiaries and their successors and permitted assigns the full and prompt payment of any Damages (as such term and all other capitalized terms used herein which are not otherwise defined shall be defined in the Purchase and Sale Agreement, dated as of the date hereof (hereinafter referred to as the "Purchase Agreement"), by and among the named Beneficiaries, as sellers, and Debtor) incurred by Beneficiaries and resulting from or arising out of Debtor's failure to perform its covenants and obligations under Section 5.6 of the Purchase Agreement with regard to substitutions of credit support in accordance therewith (collectively, the "Obligations"), including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a). GUARANTOR'S OBLIGATION UNDER THIS CORPORATE GUARANTY ("GUARANTY") IS A GUARANTY OF PAYMENT AND NOT OF COLLECTION. SHOULD ANY PRESENT OR FUTURE OBLIGATIONS INCURRED BY DEBTOR NOT BE PAID WHEN DUE, BENEFICIARY MAY PROCEED AGAINST GUARANTOR FOR SUCH OBLIGATIONS AT ANY TIME, WITHOUT ANY PROCEEDING OR ACTION AGAINST DEBTOR.

Guarantor agrees that, subject to Applicable Law, in the event of the dissolution or Bankruptcy of Debtor or Guarantor, if such event shall occur at a time when any of the Obligations may not then be due and payable, Guarantor will pay each Beneficiary forthwith the full amount which would be payable by the dissolved or bankrupt Debtor or Guarantor if all such Obligations to such Beneficiary were then due and payable. In case the Purchase Agreement shall be terminated as a result of the rejection thereof by any trustee, receiver or liquidating agent of Debtor or any of its properties in any Bankruptcy, insolvency, reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar proceeding, Guarantor's obligations hereunder shall continue to the same extent as if the Purchase Agreement had not been so rejected. Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment to Beneficiaries of any Obligation or any part thereof is rescinded or must otherwise be returned upon the Bankruptcy of Debtor, or otherwise, as though such payment to the Guaranty beneficiary had not been made.

Guarantor hereby waives notice of acceptance of this Guaranty, of the creation or existence of any of the guaranteed Obligations and of any action by Beneficiaries in reliance hereon or in connection herewith, notice of the transactions between Beneficiaries and Debtor, notice of the execution and delivery, amendment, extension, renewal, assignment or assumption of any present or future instrument pertaining to Obligations, diligence, presentment, demand for payment, protest, notice of default by Debtor, and any other notice not expressly required by this Guaranty. Guarantor further consents, without further notice, to any extension or extensions of

the time or times of payment of said Obligations, or any portion thereof, to any change in form or amount, or renewal at any time, of such Obligations, or any portion thereof and to any assignment or assumption of such Obligations or any portion thereof.

Guarantor's obligations hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such Obligations covered hereunder, nor by any extension, or the acceptance of any sum or sums on account of Debtor, or of any note or draft of Debtor and/or any third party, or security from Debtor. Beneficiaries shall not be obligated to file any claim relating to the Obligations owing to it in the event that Debtor becomes subject to bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting Debtor (whether voluntary or involuntary), and the failure of Beneficiaries to so file shall not affect Guarantor's obligations hereunder.

Should any present or future Obligations incurred by Debtor not be paid when due or at the time to which the same may be extended, Beneficiaries may proceed against Guarantor for such Obligations at any time, without any proceeding or action against Debtor. Guarantor agrees that Beneficiaries may resort to Guarantor for payment of any of the Obligations, whether or not Beneficiaries shall have resorted to any collateral security, or shall have proceeded against any other debtor principally or secondarily obligated with respect to any of the Obligations or any other guarantor thereof.

Guarantor hereby authorizes each Beneficiary, without notice and without affecting Guarantor's liability hereunder, from time to time to: (a) renew, compromise, extend, accelerate, or otherwise change the terms of any Obligation with the agreement of Debtor thereunder or otherwise in accordance with the terms thereof; (b) enter into agreements with Debtor that settle, compromise, release, discharge, accept or refuse any offer of performance with respect to, or substitutions for, the Obligations; (c) request and accept other guarantees of the Obligations; (d) take, hold, waive, release, exchange, compromise, subordinate, or modify, with or without consideration, any security for payment or performance of any Obligation, any other guarantees of any Obligation, or any other obligation of any Person with respect to any Obligation; (e) enforce and apply such security and direct the order or manner of sale thereof as such Seller in its discretion may determine; (f) delay in pursuing or decline to pursue rights or remedies against Debtor, Guarantor, or any other obligor in respect of the Obligations; and (g) act or fail to act in any manner referred to in this Guaranty which may deprive Guarantor of its rights of subrogation (if any) against Debtor to recover full indemnity for any payments made pursuant to this Guaranty or of its right of contribution against any other party. Guarantor hereby unconditionally and irrevocably waives and relinquishes all rights and remedies accorded by Applicable Law to sureties or guarantors and agrees not to assert or take advantage of any such rights or remedies, including any defense based on any offset against any amounts which may be owed by either Beneficiary to Guarantor for any reason whatsoever, or any defense, setoff, deduction, abatement, suspension, deferment, diminution, recoupment, limitation, termination or counterclaim which may at any time be available to or asserted by Debtor against either Beneficiary under the Purchase Agreement (other than defense of payment of the applicable amounts).

Guarantor shall not exercise any rights which it may have or acquire by way of subrogation until all of the Obligations are paid in full to Beneficiaries. If any amounts are paid to Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of Beneficiaries and shall forthwith be paid to Beneficiaries by Guarantor to reduce the amount of outstanding Obligations, whether matured or unmatured. Subject to the foregoing, upon payment of all of the Obligations to Beneficiaries and the expiration of the period during which Beneficiaries may seek indemnification under the Purchase Agreement for Debtor's default under Section 5.6 thereof, Guarantor shall be subrogated to the rights of Beneficiaries against Debtor, and Beneficiaries agree to take at Guarantor's expense such actions as Guarantor may reasonably require to implement such subrogation.

Except as otherwise provided herein, the obligations of Guarantor hereunder shall not be subject to any counterclaim, setoff, deduction, abatement or defense based upon any claim Guarantor or the Debtor may have against Beneficiaries, unless provided for in the underlying agreements.

This Guaranty shall not be affected by any change in the entity status, ownership, control or business structure of Debtor. If Debtor's assets or a major portion thereof are transferred to any other party or parties otherwise than by operation of law, and if Beneficiaries enter into any transaction whereby such transferee or transferees become indebted to Beneficiaries, this Guaranty, subject to all the other terms hereof, shall apply to any Obligations or balance of Obligations of such other transferee or transferees to Beneficiaries.

This Guaranty shall inure to and be binding upon the parties, their representatives, successors and assigns, provided that Guarantor may not assign or otherwise transfer any of its rights or obligations under this Guaranty, whether by operation of law or otherwise, without the prior written consent of the named Beneficiaries.

In the event any Beneficiary engages in litigation to enforce this Guaranty, Guarantor agrees to pay, in addition to any amounts of Debtor which Guarantor has otherwise guaranteed to pay hereunder, any and all costs and expenses incurred by such Beneficiary (including reasonable attorneys' fees) in enforcing this Guaranty; provided however, only if, and to the extent, such Beneficiary is successful in such litigation.

Any amount due to Beneficiaries under this Guaranty will earn interest accruing daily from the due date thereof until paid at the Borrowing Rate.

Guarantor represents and warrants that, at the time of execution and delivery of the Guaranty, nothing (whether financial condition or any other condition or situation) exists to impair in any way the obligations and liabilities of Guarantor to Beneficiaries under this Guaranty. Guarantor further represents and warrants to Beneficiaries that: (a) it is a limited partnership duly organized, validly existing and in good standing, as applicable, in its jurisdiction of formation, with full power and authority to make and deliver this Guaranty; (b) that the execution, delivery and performance of this Guaranty by Guarantor have been duly authorized by all requisite action of Guarantor, and does not and will not violate provisions of any applicable law or Guarantor's certificate of limited partnership or limited partnership agreement; and (c) that the person signing this Guaranty on Guarantor's behalf has been properly authorized by corporate action to do so.

This Guaranty constitutes the valid and legally binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except as such enforceability may be limited by General Exceptions to Enforceability. Neither the execution and delivery of this Guaranty, nor compliance with any provision hereof, nor the consummation of the transactions contemplated hereby will (i) breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any indenture, mortgage, lease, note, or other material contract or other instrument to which Guarantor is a party or by which its properties may be bound, except for such breaches, defaults (or rights of termination or acceleration or other remedy) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, materially impair Guarantor's authority, right or ability to perform its obligations under this Guaranty; and (ii) require consent or approval of, filing with, or notice to any Person which, if not obtained, would prevent Guarantor from performing its obligations hereunder. There are no bankruptcy, reorganization, or arrangement proceedings pending against, being contemplated by, or, to the knowledge of Guarantor, threatened against Guarantor. Guarantor agrees and covenants that it will not take any action that will impair Debtor's ability to pay its obligations under the Obligations when due. Any forbearance or failure to exercise, and any delay by Beneficiaries in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

This Guaranty and the Purchase Agreement constitute the entire agreement among the parties and supersedes and cancels any prior agreements, undertakings, declarations and representations, whether written or oral, regarding the subject matter of this Guaranty. If any provision of this Guaranty is found by a court of competent jurisdiction to be void, illegal or otherwise unenforceable in that jurisdiction, such provision, to the extent of its invalidity, shall be severed from this Guaranty and be ineffective in that jurisdiction; provided, however, that such finding shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guaranty.

THE INTERPRETATION AND CONSTRUCTION OF THIS GUARANTY AND THE RIGHTS OF THE PARTIES HEREUNDER WILL BE INTERPRETED, CONSTRUED, AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE COURTS OF SUCH JURISDICTION IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT AGAINST IT RELATED TO OR IN CONNECTION WITH THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW (AND ASSUMING EFFECTIVE SERVICE OF PROCESS), EACH PARTY HERETO HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS GUARANTY OR ANY DOCUMENT

OR INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURT. EACH PARTY HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR ADMINISTRATIVE NOTICE SET FORTH HEREIN OR ANY OTHER METHOD AUTHORIZED BY THE LAWS OF NEW YORK. TO THE FULLEST EXTENT PERMITTED BY LAW, AND AS SEPARATELY BARGAINED-FOR-CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THIS GUARANTY.

[Remainder of Page Intentionally Left Blank
Signature Page Follows]

IN WITNESS WHEREOF, the Guarantor has duly executed this Guaranty on this 26th day of January, 2005.

ENERGY TRANSFER PARTNERS, L.P.

By: U.S. Propane, L.P., its General Partner

By: U.S. Propane, L.L.C, its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT 2.4.2(I)

FORM OF SWAP AGREEMENT SCHEDULE AND ANNEX

ISDA®

International Swaps and Derivatives Association, Inc.

1994 ISDA CREDIT SUPPORT ANNEX

to the

Master Agreement

dated as of January 26, 2005

between

AEP Energy Services, Inc. ("Party A")

and

ETC Marketing, Ltd. ("Party B")

Paragraph 13. Elections and Variables

(a) ***Security Interest for "Obligations."*** The term ***"Obligations"*** as used in this Annex includes the following additional obligations:

With respect to Party A: None

With respect to Party B: None

(b) ***Credit Support Obligations***

(i) ***Delivery Amount, Return Amount and Credit Support Amount***

(A) ***"Delivery Amount"*** has the meaning specified in Paragraph 3(a).

(B) ***"Return Amount"*** has the meaning specified in Paragraph 3(b).

(C) ***"Credit Support Amount"*** has the meaning specified in Paragraph 3.

(ii) ***Eligible Collateral***. The following items will qualify as ***"Eligible Collateral"*** for the party specified:

	Party A	Party B	Valuation Percentage
Cash (USD)	[X]	[X]	100%

(iii) ***Other Eligible Support***. The following items will qualify as **"Other Eligible Support**" that the indicated party may post to secure its obligations hereunder, as specified.

For Party A: Irrevocable letters of credit in the form of attached Exhibit A (or in such other form approved by Party B, in its sole discretion, in writing) ("Letter of Credit"), duly completed and issued, naming Party B as the beneficiary, with expiry date not earlier than 30 days after the date of Transfer of the Letter of Credit to Party B, the issuer of which is an "Eligible LC Bank" (as defined below) on the date of such Transfer.

For Party B: Irrevocable letters of credit in the form of attached Exhibit A (or in such other form approved by Party A, in its sole discretion, in writing) ("Letter of Credit"), duly completed and issued, naming Party A as the beneficiary, with expiry date not earlier than 30 days after the date of Transfer of the Letter of Credit to Party A, the issuer of which is an Eligible LC Bank on the date of such Transfer.

"Eligible LC Bank" at any time means a commercial bank, operating from an office in the continental United States, acceptable to the party to whose benefit the Letter of Credit is issued, whose general long-term unsubordinated unsecured debt is at such time rated (i) at least "A-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or an equivalent rating by any successor rating agency thereof (if any) **("S&P")**, (ii) at least "A3" by Moody's Investors Service, Inc. or an equivalent rating by any successor rating agency thereof (if any) **("Moody's")**; (iii) at least A- by Fitch Ratings or an equivalent rating by any successor rating agency thereof (if any) ("Fitch"); in the event such a commercial bank is rated by only one of S&P, Moody's, or Fitch eligibility will be based on the available rating.

(iv) ***Thresholds***

(A) ***"Independent Amount"*** means with respect to both Party A and Party B: for each Transaction at any time, zero.

(B) ***"Threshold"*** means with respect to Party A: The lesser of USD 30,000,000 or 100% of the value of the Guaranty; and,

"Threshold" means with respect to Party B: The lesser USD 10,000,000 or 100% of the value of the Guaranty.

(C) ***"Minimum Transfer Amount"*** means, with respect to both Party A and Party B, USD 1 ($one).

(D) **Rounding** means that the Delivery Amount will, if a positive number, be rounded up to the nearest integral multiple of USD 250,000; and the Return Amount, if a positive number, will be rounded down to the nearest integral multiple of USD 250,000 or to zero if the Return Amount is less than USD 250,000.

(c) ***Valuation and Timing***

(i) "***Valuation Agent***" means Party A unless (i) Party A fails to perform its obligations as Valuation Agent under Paragraph 4(c) or Paragraph 6(d) in a timely manner, or (ii) an Event of Default has occurred and is continuing with respect to Party A, in which case Party B is the Valuation Agent.

(ii) ***"Valuation Date"*** means each Local Business Day designated as a Valuation Date by notice given by one party to the other no later than the Notification Time on the Local Business Day before the Valuation Date so designated.

(iii) ***"Valuation Time"*** means:

[ ] the close of business in the city of the Valuation Agent on the Valuation Date (for purposes of Paragraph 3) or date of calculation (for purposes of Paragraph 6(d)), as applicable;

[X] the close of business in the city of the Valuation Agent on the Local Business Day in that city immediately preceding the Valuation Date (for purposes of Paragraph 3) or date of calculation (for purposes of Paragraph 6(d)), as applicable;

provided, *however* that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) ***"Notification Time"*** means 1:00 p.m., New York time, on a Local Business Day.

(d) ***Conditions Precedent and Secured Party's Rights and Remedies*.** For purposes of Paragraph 8(a) and Paragraph 8(b), each Termination Event will constitute a ***"Specified Condition"*** with respect to a Pledgor or a Secured Party, respectively, if the Pledgor or Secured Party, respectively, fails to pay when due any amount payable by it in connection with an Early Termination Date designated in connection with that Termination Event. For all other purposes of this Annex, each Termination Event specified below with respect to a party will be a "Specified Condition" for that party:

	Party A	Party B
Illegality	[X]	[X]
Tax Event	[ ]	[ ]
Tax Event Upon Merger	[X]	[X]
Credit Event Upon Merger	[X]	[X]
Additional Termination Event(s)	[X]	[X]

(e) ***Substitution***

(i) ***"Substitution Date"*** has the meaning specified in Paragraph 4(d)(ii).

(ii) ***Consent.*** If specified here as applicable, then the Pledgor must obtain the Secured Party's consent for any substitution pursuant to Paragraph 4(d) Applicable.

(f) ***Dispute Resolution***

(i) ***"Resolution Time"*** means 1:00 p.m. New York time on the Local Business Day following the date the Disputing Party gives notice of a dispute pursuant to Paragraph 5.

(ii) ***Value.*** For the purpose of Paragraphs 5(i)(C) and 5(ii), the value of Posted Credit Support will be calculated as follows:

Cash and Letters of Credit. For purposes of Paragraph 5, (i) the face value of cash collateral and (ii) for Letters of Credit, an amount equal to the value as calculated in Paragraph 13(j)(i).

(iii) ***Dispute Resolution.*** Paragraph 5(i)(B) of the Annex is amended by replacing the words: "then the Valuation Agent's original calculations will be used;" with the words: "the parties will appoint a mutually acceptable leading dealer that is not an Affiliate of either party in the relevant market to make such determination."

(iv) ***Alternative.*** The provisions of Paragraph 5 will apply, except to the following extent: pending the resolution of a dispute, Transfer of the undisputed Value of Eligible Credit Support or Posted Credit Support involved in the relevant demand will be due as provided in Paragraph 5 if the demand is made at or before the Notification Time but will be due on the second Local Business Day after the demand if the demand is made after the Notification Time.

(g) ***Holding and Using Posted Collateral***

(i) ***Eligibility to Hold Posted Collateral; Custodians***. Party A and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); *provided* that the following conditions applicable to it are satisfied:

(1) Party A is not a Defaulting Party or an Affected Party in connection with a Specified Condition, neither a Specified Condition nor an Event of Default with respect to Party A has led to the designation of an Early Termination Date; provided, however, that in the case of any such Specified Condition, the right to hold Posted Collateral will be reinstated immediately when the other party has verified that the Specified Condition no longer exists, if an Early Termination Date has not been designated or, if an Early Termination Date has been designated in connection with the Specified Condition, once the Affected Party has discharged its payment obligations, if any under Section 6 of this Agreement in connection with the early termination, if fewer than all Transactions are Affected Transactions.

(2) Posted Collateral may be held only in the following jurisdiction(s):

continental United States of America

(3) The Custodian for Party A: The unsecured and unsubordinated long-term debt or deposit obligations of the Custodian is rated at least "A-" by S&P or at least "A3" by Moody's.

Initially, the **Custodian** for Party A is: Not applicable

Party B and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); *provided*, *however* that the following conditions applicable to it are satisfied:

(1) Party B has a Credit Rating from either S&P, Moody's or Fitch and the lowest Credit Rating for either the party or its Credit Support Provider, as the case may be, is BBB- or higher from S&P or Fitch, and Baa3 or higher from Moody's. Party B is not a Defaulting Party or an Affected Party in connection with a Specified Condition, neither a Specified Condition nor an Event of Default with respect to Party B has led to the designation of an Early Termination Date; provided, however, that in the case of any such Specified Condition, the right to hold Posted Collateral will be reinstated immediately when the other party has verified that the Specified Condition no longer exists, if an Early Termination Date has not been designated or, if an Early Termination Date has been designated in connection with the Specified Condition, once the Affected Party has discharged its payment obligations, if any under Section 6 of this Agreement in connection with the early termination, if fewer than all Transactions are Affected Transactions.

(2) Posted Collateral may be held only in the following jurisdiction(s):

continental United States of America

(3) The Custodian for Party B: The unsecured and unsubordinated long-term debt or deposit obligations of the Custodian is rated at least "A-" by S&P or at least "A3" by Moody's.

Initially, the **Custodian** for Party B is: Not applicable

(ii) ***Use of Posted Collateral***

The provisions of Paragraph 6(c) will apply to Party A and will not apply to Party B.

(h) ***Distributions and Interest Amount***

(i) ***Interest Rate.*** The "***Interest Rate***" will be, for any day, the "Federal Funds (Effective)" rate in effect for such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System minus an interest rate spread of 0.25% per annum.

(ii) ***Transfer of Interest Amount***. Upon the Pledgor's written request as provided under Section 12, the Transfer of Interest Amount for the previous month will be made on the following Local Business Day if notification is received prior to the Notification Time provided in Paragraph 13(c)(iv), or on the second Local Business Day if notification is received after the Notification Time provided in Paragraph 13(c)(iv), and on any Local Business Day that Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3(b).

(iii) ***Alternative to Interest Amount***. The provisions of Paragraph 6(d)(ii) will apply, unless otherwise specified here:

Delivery Amount. If Transfer of an Interest Amount (or any portion thereof) to a Pledgor on any day would result in or increase a Delivery Amount (treating that day as a Valuation Date, as provided in Paragraph 6(d)(ii)) but the Pledgor would nonetheless have no obligation to make a Transfer pursuant to Paragraph 3(a) on that day if it were a Valuation Date (because the Delivery Amount is lower than the Pledgor's Minimum Transfer Amount or otherwise) the Secured Party will be required to Transfer that Interest Amount (or portion thereof) to the Pledgor, notwithstanding anything to the contrary in Paragraph 6(d)(ii).

(i) ***Additional Representations***. Party A and Party B represent to each other (which representations will be deemed to be repeated as of each date on which Party A or Party B, as the Pledgor, Transfers Eligible Collateral) that their respective representations set forth in Section 3 of this Agreement are true and correct.

(j) ***Other Eligible Support and Other Posted Support***

(i) ***"Value"*** with respect to Other Eligible Support and Other Posted Support at any time means, with respect to any Letter of Credit meeting the criteria set forth in Paragraph 13(b)(iii), the amount then available to be drawn by the Secured Party under the Letter of Credit; provided, that the Value of the Letter of Credit shall be zero from and after the occurrence of a Letter of Credit Termination Event as defined below.

A "Letter of Credit Termination Event" shall mean the occurrence of any of the following events:

a) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least "A-" by S&P or Fitch or "A3" by Moody's;

b) the issuer of such Letter of Credit disaffirms, disclaims, repudiates, or rejects in whole or in part, or challenges the validity of, such Letter of Credit;

c) the Letter of Credit expires or terminates or ceases to be in full force and effect at any time during the term of any outstanding Transaction;

d) any event analogous to an event specified in Section 5(a)(vii) of this Agreement occurs with respect to the issuer of such Letter of Credit; or

e) twenty (20) Local Business Days prior to the expiration or termination date of a Letter of Credit, such Letter of Credit is not extended or replaced with a Letter of Credit for an amount at least equal to that of the Letter of Credit being replaced.

"Credit Rating" means, with respect to a party or entity on any date of determination, the corporate credit rating, or the respective rating then assigned to its unsecured and unsubordinated long-term debt or deposit obligations by either S&P, Fitch or Moody's. If such ratings are assigned by S&P, Fitch and Moody's, then its Credit Rating will be the lowest of such ratings.

(ii) ***"Transfer"*** with respect to Other Eligible Support and Other Posted Support means, with respect to Letters of Credit meeting the criteria set forth in Paragraph 13(b)(iii), (a) for purposes of Paragraph 3(a), (i) delivery of the duly executed Letter of Credit to the Secured Party, at the address specified below, together with evidence of the authority, incumbency and specimen signature of each person authorized to execute the Letter of Credit or any amendment thereto on behalf of its issuer, or (ii) delivery to the Secured Party of an amendment to such Letter of Credit, in form and substance satisfactory to the Secured Party, extending the term or increasing the amount available to the Secured Party thereunder, but only if the issuer of the Letter of Credit is an Eligible LC Bank at the time of the amendment, and (b) for purposes of Paragraph 3(b), return of the Letter of Credit by the Secured Party to the Pledgor, at the address specified below, or agreement by the Secured Party to an amendment of the Letter of Credit, in form and substance satisfactory to the Secured Party, reducing the amount available to the Secured Party thereunder.

(k) ***Demands and Notices.*** All demands, specifications and notices under this Annex will be made pursuant to Part 4 of the Schedule to this Agreement, unless otherwise specified here:

With respect to Party A:

Address:	AEP Energy Services, Inc. 155 W Nationwide Blvd, Ste 500 Columbus, OH 43215
Attention:	Credit Risk Management
Facsimile No.:	(614) 583-1604
Telephone No.:	(614) 583-6725

(l) ***Addresses for Transfers***

Party A and Party B:

Posted Collateral for a party ("X") in the form of cash shall be delivered to the commercial bank or custodial institution designated in a written notice from time to time by X to the other party.

With respect to Letters of Credit: As provided under the Demands and Notices Section of this Paragraph 13.

EXECUTION APPROVAL SCHEDULE

(m) ***Other Provisions***

(i) ***Conditions Precedent.*** Paragraph 4(a) is hereby amended by deleting the words "Potential Event of Default" therefrom.

(ii) ***Distributions***. The following provisions shall be added to Paragraph 6(d) as follows:

(iii) **Certain Distributions Received**. If a Secured Party receives or is deemed to receive Distributions on a day that is not a Local Business Day, or after its close of business on a Local Business Day, it will Transfer the Distributions to the Pledgor on the following Local Business Day, subject to Paragraph 4(a), but only to the extent contemplated in Paragraph 6(d)(i) in connection with Distributions received or deemed received on a Local Business Day.

(iv) **Transfer of Distributions**. If Transfer of a Distribution (or any portion thereof) to a Pledgor on any day would result in, or increase, a Delivery Amount (treating that day as a Valuation Date, as provided in Paragraph 6(d)(i)), but the Pledgor would nonetheless have no obligation to make a Transfer pursuant to Paragraph 3(a) on that day if it were a Valuation Date (because the Delivery Amount is lower than the Pledgor's Minimum Transfer Amount or otherwise) the Secured Party will be required to Transfer that Distribution (or portion thereof) to the Pledgor, notwithstanding anything to the contrary in Paragraph 6(d)(i).

(iii) **Modification of Paragraph 4(b) of the Annex**. Paragraph 4(b) of the Annex is amended to read, in its entirety, as follows:

"(b) ***Transfer Timing***. Subject to Paragraphs 4(a) and 5 and unless otherwise specified, (i) if a demand for Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the Transfer of Eligible Credit Support or Posted Credit Support will be completed prior to 6:00 p.m., New York time, on the Local Business Day following the Local Business Day on which the demand is made, (ii) if a demand for Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time with respect to a foreign currency exchange Transaction, such Transfer shall be completed prior to 6:00 p.m., New York time, on the third (3rd) Local Business Day following the Local Business Day on which the demand is made and (iii) if a demand for Transfer of Eligible Credit Support or Posted Credit Support is made subsequent to the Notification Time, then the relevant Transfer will be made in accordance with the rules provided in the immediately preceding subparagraphs (i) and (ii), except that the demand will be treated as if made on the Local Business Day following the day the demand was actually made."

(iv) **Taxes in Connection with Amounts Paid Under the Credit Support Annex.** Notwithstanding anything to the contrary in this Agreement, neither party makes any Payer Tax Representation referred to in Section 3(e) of this Agreement with

respect to any Interest Amount it is required to Transfer under this Annex, and neither party will be entitled to designate an Early Termination Date on the ground of any Tax Event resulting from the party's obligation to pay additional amounts in respect of Indemnifiable Taxes imposed with respect to any such Interest Amount, Distributions, or late payment fees.

(v) **Rights and Remedies under Paragraph 8(a).** The Secured Party will be entitled to exercise the rights and remedies provided for in Paragraph 8(a) if the Pledgor fails to pay when due any amount payable by it under Section 6 of this Agreement in connection with a Termination Event, even if the Pledgor is not the Affected Party.

(vi) **Set-off.** For purposes of Paragraphs 2 and 8(a)(iii) of this Annex, the reference to any amount payable under Section 6 of this Agreement in the definition of "Set-off" in this Agreement shall be deemed a reference to any amount payable with respect to any Obligation, as described in Paragraph 8(a)(iii) of this Annex.

(vii) **Additional Provisions Relating Primarily to Letters of Credit.**

(1) **Failure to Transfer Other Eligible Support or Other Posted Support.**

Paragraph 7(i) of this Annex is hereby modified to apply to failures to Transfer Other Eligible Support and Other Posted Support, as well as the items listed therein.

(2) **Drawings on Letters of Credit.** The Secured Party shall have the right to draw on a Letter of Credit held by it as Other Posted Support in the event that at the time of such draw there shall be satisfied the conditions specified in the form of Letter of Credit attached as Exhibit A (or, to the extent that the Letter of Credit is in a different form, in the event that the conditions to drawing specified in such Letter of Credit are satisfied). If the Secured Party makes a draw on such a Letter of Credit, the Secured Party shall apply the proceeds of such draw consistent with the requirements, if any, set forth in the drawing documentation.

(3) **Event of Default.** The word "or" at the end of subparagraph (ii) of Paragraph 7 shall be deleted, and the period at the end of subparagraph (iii) of Paragraph 7 shall be deleted and replaced with a semicolon. Paragraph 7 is hereby amended by adding at the end thereof the following subparagraphs (iv) and (v):

(iv) the issuer of a Letter of Credit provided by such party to the other party fails to honor a drawing under the Letter of Credit in accordance with its terms; or

(v) the issuer of the Letter of Credit provided by such party to the other party fails to comply with or perform its obligations under such Letter of Credit and such failure continues after the lapse of any applicable grace period;

provided, however, that (iv) and (v) shall not be an Event of Default with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to the party providing such Letter of Credit in accordance with the terms of this Annex or other Eligible Credit Support meeting the requirements of this Agreement is provided to the other party.

IN WITNESS WHEREOF, the parties have executed this Credit Support Annex by their duly authorized officers as of the date hereof.

AEP Energy Services, Inc.

By: _____
Name: David C. Warner
Title: Authorized Agent
Date: January __, 2005

EXECUTION APPROVAL SCHEDULE

ETC Marketing, Ltd.

By: _____
Name: _____
Title: _____
Date: January __, 2005

ISDA®

International Swaps and Derivatives Association, Inc.

SCHEDULE
to the
Master Agreement

(Multicurrency - Cross Border)

dated as of January 26, 2005

between

AEP Energy Services, Inc. and ETC Marketing, Ltd.
("Party A") ("Party B")

Part 1

Termination Provisions

(a) **"Specified Entity"** means in relation to Party A and Party B for the purpose of:

Section 5(a)(v),	None
Section 5(a)(vi),	None
Section 5(a)(vii),	None
Section 5(b)(iv),	None

(b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement, except that such term is amended by adding in the eighth line after "currency option" the words ", agreement for the purchase, sale or transfer of any Commodity or any other commodity trading transaction." For this purpose, the term "Commodity" means any tangible or intangible commodity of any type or description (including, without limitation, weather, coal, electric power, electric power capacity, petroleum, natural gas, natural gas liquids, and byproducts thereof).

(c) The **"Cross Default"** provisions of Section 5(a)(vi), as amended, will apply to Party A and to Party B.

(1) Section 5(a)(vi) is amended by deleting in the seventh line thereof ", or becoming capable at such time of being declared,".

(2) The term "Cross Default" shall exclude any default that results solely from: (1) wire transfer difficulties; (2) an administrative or operational error or omission (so long as sufficient funds are available); or (3) the general lack of availability, by reason of exchange controls or other similar government action, of the currency in which the

Specified Indebtedness is denominated. The preceding sentence shall apply only if (A) funds were available to such party, any Credit Support Provider of such party, or any applicable Specified Entity of such party, as the case may be, to enable the party to make the relevant payment when due, and (B) the party makes the relevant payment within the earlier of three (3) Local Business Days after such transfer difficulties have been corrected, the error or omission has been discovered, or such currency becomes available.

(3) **"Specified Indebtedness"** shall have the meaning specified in Section 14 of this Agreement.

(4) **"Threshold Amount"** means

(i) USD 100,000,000 (or its equivalent in any other currencies) in relation to Party A's Credit Support Provider; and

(ii) USD 100,000,000 (or its equivalent in any other currencies) in relation to Party B's Credit Support Provider.

(d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(iv), as amended herein, will apply to Party A and Party B.

Section 5(b)(iv) is deleted in its entirety and replaced with the following:

"**Credit Event Upon Merger**. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X*: (1)(A)* consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, *or reorganizes, reincorporates, or reconstitutes into or as* another entity *or (B) enters into any agreement providing for any of the actions described in (A)* and *(2)* such action *described in (1)(A) or (1)(B)* does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker *as determined by commercially reasonable judgment under then current market conditions* than that of X, such Credit Support Provider or such Specified Entity *thereof*, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); *provided, however, that the foregoing action or event shall not constitute a Termination Event (1) as to X, if after such action or event such resulting, surviving or transferee entity is X's Credit Support Provider or is directly or indirectly owned or controlled by X's Credit Support Provider and the Credit Support Documents supporting X's obligations remain in full force and effect, or (2) so long as in connection with or after such action or event X or its successor or transferee provides (or causes to be provided) to the other party ("Y") within two (2) Local Business Days of Y's written demand therefor Eligible Credit Support in an amount satisfactory to Y in its sole discretion;* or"

(e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Party A or to Party B; provided, however, where the Event of Default specified in Section 5(a)(vii)(1), (3), (4), (5), (6) or to the extent analogous thereto, or (8) is governed by a system of law which does not permit termination to take place after the occurrence of the relevant Event of Default, then the Automatic Early Termination provision of Section 6(a) will apply to Party A and to Party B.

(f) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement:

(1) Market Quotation will apply, and

(2) the Second Method will apply.

(g) **"Termination Currency"** means United States Dollars.

(h) **"Additional Termination Event"**. None.

Part 2

Tax Representations

(a) **Payer Tax Representation.** For the purpose of Section 3(e) of this Agreement, Party A and Party B make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

(i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement;

(ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and

(iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement;

provided, *however*, that it shall not be a breach of this representation where reliance is placed on clause (ii) above, and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) **Payee Tax Representation.** For the purposes of Section 3(f), Party A and Party B make the representations specified below:

(i) The following representation will apply to Party A:

Party A is a corporation created or organized under the laws of the State of Ohio. Party A is a U.S. person within the meaning of Section 7701 of the Internal Revenue Code and its U.S. taxpayer identification number is 31-1483731.

(ii) The following representation will apply to Party B:

Party B is a limited partnership created or organized under the laws of the State of Texas. Party B is a U.S. person within the meaning of Section 7701 of the Internal Revenue Code and its U.S. taxpayer identification number is 05-0532473.

Part 3

Documents to be delivered

For the purpose of Section 4(a):

(i) Tax forms, documents, or certificates to be delivered:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
Party A and Party B	Any document required or reasonably requested to allow the other party to make payments under the Agreement without any deduction or withholding for or on the account of any Tax or with such deduction or withholding at a reduced rate.	Promptly after the earlier of (i) reasonable request by either party or (ii) learning that such form or document is required.

(ii) Other documents to be delivered are:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A	A guaranty issued by Party A's Credit Support Provider in favor of Party B.	As of the execution of this Agreement.	Yes

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Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party B	A guaranty issued by Party B's Credit Support Provider in favor of Party A.	As of the execution of this Agreement.	Yes
Party A and /or Party B	Certified copy of Certificate of Authority, Incumbency and Specimen Signatures and Resolutions adopted by the Board of Directors, or relevant committee of the Board of Directors, of the Guarantor/Credit Support Provider(s) of Party A and/or Party B (as applicable) authorizing the execution and delivery of the guaranty.	As of the execution of this Agreement.	Yes
Party A and Party B	Certified copy of Certificate of Authority, Incumbency and Specimen Signatures and Resolutions adopted by the Board of Directors, or relevant committee of the Board of Directors, of Party A or Party B (as applicable), authorizing the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder.	As of the execution of this Agreement.	Yes
Party A and Party B	Annual Consolidated Financial Statements, most recent annual report and Form 10-K of American Electric Power Company, Inc. in the case of Party A, and, in the case of Party B, Party B and any Credit Support Provider for Party B.	Promptly upon request after completion by Certified Public Accountant.	Yes
Party A and Party B	Quarterly Consolidated Financial Statements, prepared in accordance with U.S. GAAP, of American Electric Power Company, Inc. in the case of Party A, and in the case of Party B, Party B and any Credit Support Provider for Party B.	Promptly upon request after completion.	Yes
Party A and Party B	Statement of Generic Risks Associated with Over-the-Counter Derivative Transactions	Upon the execution of this Agreement.	Yes

Part 4

Miscellaneous

(a) **Addresses for Notices.** For the purposes of Section 12(a) of this Agreement:

Address for notices or communications to Party A for all purposes (other than Confirmations):

Address:	AEP Energy Services, Inc. 155 W Nationwide Blvd, Ste 500 Columbus, OH 43215
Attention:	Financial Contract Administration
Facsimile No.:	(614) 583-1606
Telephone No.:	(614) 583-6114

Confirmations:

Address:	AEP Energy Services, Inc. 155 W Nationwide Blvd, Ste 500 Columbus, OH 43215
Attention:	Confirmations – 4th Floor
Facsimile No.:	(614) 583-1605
Telephone No.:	(614) 583-6125

Wire Payment Instructions:	AEP Energy Services, Inc. Citibank N.A. New York, NY ABA # 021-000-089 Account # 4071-2918

Address for notices or communications to Party B for all purposes:

Address:	ETC Marketing, Ltd. 800 E. Sonterra Blvd. #400 San Antonio, TX 78258
Attention:	Pat O'Kane
Facsimile No.:	(210) 403-7490
Telephone No.:	(210) 403-7407

(b) **Notices.** Subparagraph (ii) of Section 12(a) of this Agreement shall not apply.

(c) **Process Agent.** For the purpose of section 13(c):
Party A appoints as its Process Agent: Not applicable.
Party B appoints as its Process Agent: Not applicable.

(d) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(e) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement.
Party A is not a Multibranch Party.
Party B is not a Multibranch Party.

(f) **Calculation Agent.** The Calculation Agent is Party A.

(g) **Credit Support Document.** Details of any Credit Support Document.

(i) Party A: A Guaranty issued by American Electric Power Company, Inc. in favor of Party B as beneficiary, which Guaranty shall be a Credit Support Document in relation to Party A.

(ii) Party B: A Guaranty issued by La Grange Acquisition, L.P. in favor of Party A as beneficiary, which Guaranty shall be a Credit Support Document in relation to Party B.

(iii) Party A and Party B: The ISDA Credit Support Annex attached hereto.

(h) **Credit Support Provider.**

(i) Party A: American Electric Power Company, Inc., a New York corporation.

(ii) Party B: La Grange Acquisition, L.P., a Texas limited partnership.

(i) **GOVERNING LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAW OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE, BUT GIVING EFFECT TO SECTIONS 5-1401 AND 5-1402 OF NEW YORK'S GENERAL OBLIGATIONS LAW. EACH PARTY EXPRESSLY ACKNOWLEDGES THAT NEW YORK LAW BEARS RELATION TO THIS AGREEMENT AND ALL TRANSACTIONS SUBJECT TO THIS AGREEMENT.**

(j) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply.

(k) **"Affiliate"** shall mean "None" with respect to Party A.

"Affiliate" shall have the meaning specified in Section 14 with respect to Party B.

Part 5

Other Provisions

(a) **Interpretation**.

(1) This Agreement, each Confirmation, and each Transaction are subject to the 2000 ISDA Definitions (the "Swap Definitions"), the 1993 ISDA Commodity Derivatives Definitions, and the 2000 Supplement thereto (the "Commodity Definitions") each as published by the International Swaps and Derivatives Association, Inc. (collectively the "ISDA Definitions"). The ISDA Definitions are incorporated by reference herein, and made part of, this Agreement and each Confirmation as if set forth in full in this Agreement and such Confirmations. Unless otherwise specified in a Confirmation, any capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to

them in the Swap Definitions, and the Commodity Definitions (except that references to "Swap Transactions" in the definitions will be deemed to be references to "Transactions"). In the event of any inconsistency between the provisions of the Swap Definitions and the Commodity Definitions, the Commodity Definitions will prevail. In the event of any inconsistency between the provisions of this Agreement and the ISDA Definitions, this Agreement will prevail. In the event of any inconsistency between the provisions of the Credit Support Documents, if any, and the ISDA Definitions, the Credit Support Documents will prevail. Subject to Section 1(b) of this Agreement, in the event of any inconsistency between the provisions of any Confirmation and this Agreement or the ISDA Definitions, the Confirmation will prevail for the purpose of the relevant Transaction; provided however, a Confirmation may not amend or conflict with any provisions of this Agreement regarding Events of Default, Termination Events or Disruption Fallbacks; except for the Disruption Fallbacks in respect of weather related financial transactions which shall be governed by the fallback methodology provided in the Confirmation.

(2) **Existing Transactions**. In the event that the parties have entered into Transactions prior to the date of this Agreement, the parties agree that all such Transaction shall be deemed to have been entered into pursuant to this Agreement. To the extent the terms herein conflict with the terms of the Confirmations governing the prior Transactions, the terms of this Agreement shall apply.

(b) **Modifications to the Agreement**.

(i) Section 2(a)(iii)(1) is hereby amended by deleting the words "Potential Event of Default" therefrom.

(ii) The condition precedent in Section 2(a)(iii)(1) does not apply to a payment and delivery owing by a party if the other party shall have satisfied in full all its payment obligations under Section 2(a)(i) of this Agreement and shall at the relevant time have no future payment or delivery obligations, whether absolute or contingent, under Section 2(a)(i).

(iii) Section 2(d)(i)(4) is hereby amended by adding the following subsection (C):

", or (C) Y's consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, or reorganization, reincorporation, or reconstitution in or as, another entity, or entering into any agreement providing for any of the actions described above."

(iv) Section 4(c) is hereby amended by replacing the words "to which it may be subject" with the words "to which it is subject."

(v) Section 5(a)(iii)(1) is hereby amended by adding after the words "Credit Support Document" the following: "including the breach by the party, or any Credit Support Provider, of any representation, warranty or covenant set forth in any Credit Support Document."

(vi) Section 5(a)(iii)(3) is hereby amended by adding in the first line thereof after the word “rejects,” the following: “or amends or modifies without the consent of the other party,”.

(vii) Section 5(a)(vii) is amended by deleting the word “or” at the end of Section 5(a)(vii), the period at the end of Section 5(a)(viii) is deleted and replaced by “; or” and the following new Section 5(a)(ix) is added:

“Failure to Provide Adequate Assurance”. The failure of either party (the “Failing Party”) to provide Adequate Assurance to the other party (the “Demanding Party”) within forty-eight (48) hours, but at least one (1) Business Day, of a written request by the Demanding Party when the request is based on the Demanding Party’s good faith belief that the ability of the Failing Party to perform its obligations is materially impaired under this Agreement.

For purposes of this section, **“Adequate Assurance”** means any financial security in a form and amount commercially reasonably satisfactory to the Demanding Party, provided further, that if such financial security is in a form which would qualify as Eligible Credit Support in the Credit Support Annex, if one exists, then upon receipt by Demanding Party, such financial security shall be treated as if it is Posted Collateral or Posted Credit Support; provided, however, such Adequate Assurance shall not be included in the calculation of Delivery Amount or Return Amount as defined in Paragraph 3.

(viii) Section 5(a)(vii)(4) is hereby modified by deleting, following the word “liquidation” in line 9, the clause beginning with “and, in the case of” and ending with the word “thereof” in line 13; and in clause (vii)(7): deleting, following the word “assets” in line 19, the clause beginning with “and such secured party” and ending with the word “thereafter” in line 21.

(ix) The introductory paragraph of Section 5(a)(viii) is hereby amended by adding the words “or reorganizes, reincorporates or reconstitutes into or as,” in the third line thereof after the words “its assets to,” and by adding the words “, reorganization, reincorporation, reconstitution” in the third line thereof after the word “merger.”

(x) Section 5(b)(ii) is hereby deleted in its entirety and replaced with the following (italicized text reflects modifications from the ISDA Master Agreement):

Tax Event. Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood, *in the written opinion of its counsel*, that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4)

(except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from *the other party or a Credit Support Provider of such party from* which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B) *or (C)); and neither party shall have any right to invoke this Section 5(b)(ii) based on any payments made or required to be made by a Credit Support Provider of such party;*

(xi) Section 5(b)(iii) is hereby amended by adding the words "or (C)" in the sixth line thereof after the words "Section 2(d)(i)(4)(A) or (B)" and by adding the words "or reorganizing, reincorporating, or reconstituting into or as," in the eighth line thereof after the words "its assets to,".

(xii) Section 6(a) is hereby amended by adding the following after the last line thereof:

Notwithstanding the terms of Section 5 and 6 of this Agreement, if at any time and so long as one of the parties to this Agreement ("X") shall have satisfied in full all of its payment and delivery obligations under Section 2(a)(i) of this Agreement and shall at the time have no future payment or delivery obligation, whether absolute or contingent, under such Section, then unless the other party ("Y") is required pursuant to appropriate proceedings to return to X or otherwise returns to X upon demand of X any portion of any such payment or delivery, then (a) the occurrence of an event described in Section 5(a) of this Agreement with respect to X, any Credit Support Provider of X or any Specified Entity of X shall not constitute an Event of Default with respect to X as the Defaulting Party and (b) Y shall be entitled to designate an Early Termination Date pursuant to Section 6 of this Agreement only as a result of the occurrence of (i) an Event of Default set forth in Section 5(a)(v) of this Agreement with respect to X as the Defaulting Party or (ii) a Termination Event set forth in (A) either Section 5(b)(i) or 5(b)(ii) of this Agreement with respect to Y as the Affected Party or (B) Section 5(b)(iii) of this Agreement with respect to Y as the Burdened Party.

(xiii) (Section6(c) is amended by adding the following new paragraph (iii):

Notwithstanding the foregoing, the Non-defaulting Party shall not be obligated to terminate and liquidate Transactions to the extent that, in the good faith opinion of the Non-defaulting Party, (i) such termination and liquidation is not permitted under applicable law or (ii) the Non-defaulting Party cannot enter into or liquidate offsetting transactions (including, without limitation, Specified Transactions) in a commercially reasonable manner or at commercially reasonable prices. In addition, the Non-defaulting Party may, at its election, take a reasonable amount of time to complete any aspect of the termination and liquidation.

(xiv) The definition of the term **"Tax"** in Section 14 is hereby amended by adding in the third line thereof after the word "Agreement" and before the word "other" the words "or any Credit Support Document."

(xv) The definition of the term **"Indemnifiable Tax"** in Section 14 is hereby amended by adding in the second line thereof after the word "Agreement" and before the word "but" the words "or any Credit Support Document."

(c) **Additional Representations**. Section 3 of the Agreement is hereby amended by adding at the end thereof the following subsections (g) through (l):

(g) **Eligible Swap Participant**. It is an "eligible swap participant" within the meaning of 17 C.F.R. Section 35.1(b)(2)(2000).

(h) **Eligible Contract Participant/Eligible Commercial Entity**. It is (i) an "eligible contract participant" as defined in Section 1a(12) of the Commodity Exchange Act, as amended (7 U.S.C. § 1a(12) (2000)) and (ii) as to transactions to be entered into on "electronic trading facilities", an "eligible commercial entity" as defined as Section 101(11) of the Commodity Futures Modernization Act of 2000 (7 U.S.C.A. Section 1a(11)(West Supp. 2001).

(i) **Relationship Between the Parties**. Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

(i) **Non-Reliance**. It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary.

(ii) **Evaluating and Understanding**. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice) and understands and accepts the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(iii) **Status of Parties**. The other party is not acting as a fiduciary for, or an advisor to it, with respect to that Transaction.

(j) **Swap Agreement**. The parties acknowledge and agree that all Transactions constitute "swap agreements" within the meaning of the United States Bankruptcy Code.

(k) **Forward Contract**. The parties acknowledge and agree that all Transactions constitute "forward contracts" and that each of the parties to this Agreement is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

(l) **Standardization, Creditworthiness, and Transferability**. The material economic terms of the Agreement, any Credit Support Document to which it is a party, and each Transaction have been individually tailored and negotiated by it; it has received and

reviewed financial information concerning the other party and has had a reasonable opportunity to ask questions of and receive answers and information from the other party concerning such other party, this Agreement, such Credit Support Document, and such Transaction; the creditworthiness of the other party was a material consideration in its entering into or determining the terms of this Agreement, such Credit Support Document, and such Transaction; and the transferability of this Agreement, such Credit Support Document, and such Transaction is restricted as provided herein and therein.

(d) **Set-off**. Any amount (the "Early Termination Amount") payable to one party (the "Payee") by the other party (the "Payer") under Section 6(e), in circumstances where there is a Defaulting Party under Section 5(a) or one Affected Party in the case where a Termination Event under Section 5(b)(iii), 5(b)(iv) or 5(b)(v) has occurred, will, at the option of the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by its set-off against any amount(s) (the "Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) between the Payee and the Payer or instrument(s) or undertaking(s) issued or executed by one party to, or in favor of, the other party (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Set-off provision.

For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Set-off provision shall be effective to create a charge or other security interest. This Set-off provision shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

(e) **Confirmations**. With respect to each Transaction entered into pursuant to this Agreement, Party A will promptly send to Party B a Confirmation in substantially the form of the Exhibits to the ISDA Definitions. Party B shall accept the Confirmation within three (3) New York Business Days after receipt of such Confirmation or inform Party A of a bona fide error by providing Party A with written notice (notice shall not be provided by a document reflecting the terms of the Transaction generated by Party B) of those terms of the Confirmation provided by Party A that are disputed by Party B. For all purposes of this Agreement, the Confirmation shall be effective and binding upon the parties upon receipt by Party A of Party B's acceptance of the Confirmation. If Party A does not receive from Party B either acceptance or notification of bona fide error within three (3) New York Business Days after receipt of such Confirmation, Party B shall be

deemed to have accepted the Confirmation. Any documentation provided by Party B as to the terms of a Transaction (including documents referenced or identified as confirmations) shall not be a Confirmation and will not be binding between the parties as to the terms of a Transaction between the parties; unless however, if Party A fails to provide Party B a Confirmation within ten (10) Local Business Days after the trade date of a Transaction, Party B may provide Party A with a Confirmation that meets the requirements of this provision. If within ten (10) Local Business Days after the trade date of a Transaction Party B has provided Party A with documentation referenced as a Confirmation that meets the requirements of this provision and Party A has failed to provide Party B with a Confirmation, then Party B's documentation shall be deemed accepted as the Confirmation unless disputed by Party A by the fourteenth (14) Local Business Day after the trade date of the Transaction.

(f) **Severability**. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction in respect of any Transaction shall, as to such Transaction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision as to any other jurisdiction or Transaction unless such severance shall substantially impair the benefits of the remaining portions of this Agreement or changes the reciprocal obligations of the parties. The parties hereto shall endeavor in good faith negotiations to replace the prohibited or unenforceable provision with a valid provision, the economic effect of which comes as close as possible to that of the prohibited or unenforceable provision.

(g) **Consent to Recordings**. The parties hereto (i) agree that each may electronically monitor or record, at any time and from time to time, any and all communications between them, (ii) waive any further notice of such monitoring or recording, (iii) agree to notify its officers and employees of such monitoring or recording, (iv) agree that any such monitoring or recording may be submitted into evidence in any suit, trial, hearing, arbitration, or other proceeding, and (v) agree to furnish appropriately redacted copies of recordings to the other party within fifteen (15) days of the other party's written request.

(h) **Absence of Litigation.** Section 3(c) of this Agreement is hereby amended by: (i) adding in the second line thereof after the word "governmental" the words "or regulatory" and (ii) adding the words "in any material respect" immediately prior to the end of the section.

(i) **Alternative Dispute Resolution**. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial in respect of any disputes directly or indirectly arising out of, under or in connection with this Agreement. All disputes arising under or directly or indirectly connected with this Agreement and the Credit Support Documents are subject to the following sole and exclusive procedures; ***provided***, ***however***, that any claim by either party related to such disputes shall be time-barred unless the asserting party commences an arbitration proceeding with respect to such claim within one year of the occurrence of the event giving rise to the dispute; ***provided***, ***further***, that the asserting party must commence arbitration within one year of the Termination Date of the Transaction to which the claim relates:

EXECUTION APPROVAL SCHEDULE

A. **MEDIATION WITH DESIGNATED NEUTRAL**

The parties shall endeavor to settle the dispute by mediation under the Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes in effect on the date of this Agreement. The parties, with the assistance of CPR, shall select a mediator. In the event that the CPR becomes unwilling or unable to assist in the selection of a mediator, the parties have selected JAMS/Endispute as the alternate. If the matter has not been resolved by mediation within 30 days of the originating party's notice for mediation, or if the parties, within ten (10) Local Business Days of seeking the assistance of CPR, fail to select a mediator, then either party may initiate binding arbitration as set forth below.

B. **ARBITRATION UNDER THE CPR RULES**

Any unresolved dispute arising out of or relating to this Agreement or the Credit Support Documents, or the breach, termination or validity thereof, shall be adjudicated by binding arbitration in accordance with the Center for Public Resources Rules for Non Administered Arbitration of Business Disputes in effect on the date of this Agreement, by three independent and impartial arbitrators. Each party shall appoint one independent and impartial arbitrator within 5 Local Business Days after the notification by a party of the initiation of binding arbitration. The third independent and impartial arbitrator shall be elected by the arbitrators chosen by each party within 10 days after they have both been appointed and this panel of arbitrators will notify the parties within 10 days after the selection of the third arbitrator of the date of the scheduling conference. The parties shall have sixty (60) days from the appointment of the arbitrators to perform discovery and present evidence and argument to the arbitrators. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. The place of arbitration shall be Columbus, Ohio. The arbitrator(s) are not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover such damages with respect to any dispute resolved by arbitration.

(j) LIMITATION OF LIABILITY. NO PARTY SHALL BE REQUIRED TO PAY OR BE LIABLE FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES (WHETHER OR NOT ARISING FROM ITS NEGLIGENCE) TO ANY OTHER PARTY; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT THE ENFORCEABILITY OF SECTION 6(e) OF THIS AGREEMENT. IF AND TO THE EXTENT ANY PAYMENT REQUIRED TO BE MADE PURSUANT TO THIS AGREEMENT AND ANY CREDIT SUPPORT DOCUMENT IS DETERMINED TO CONSTITUTE LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGE AND AGREE THAT SUCH DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE AND THAT SUCH PAYMENT IS INTENDED TO BE A REASONABLE APPROXIMATION OF THE AMOUNT OF SUCH DAMAGES AND NOT A PENALTY.

(k) **Annual Consolidated Financial Statement**. "Annual Consolidated Financial Statement" means a copy of the annual report of the relevant person containing audited consolidated financial statements for such party's fiscal year certified by independent auditors and prepared in accordance with the generally accepted accounting principles of the United States ("U.S. GAAP").

(l) **Quarterly Consolidated Financial Statement**. "Quarterly Consolidated Financial Statement" means a copy of the quarterly report of the relevant person containing audited, or unaudited if audited financials are not available, for such party's fiscal quarter prepared in accordance with U.S. GAAP.

(m) **No Third Party Beneficiaries**. Except for transfers pursuant to Section 7, this Agreement is entered into solely for the benefit of Party A and Party B and not for the benefit of any other persons or entities. No other persons or entities may enforce this Agreement for their benefit nor shall they have any claim or remedy for any breach thereof.

(n) **Construction of Contract. THE PARTIES ACKNOWLEDGE THAT EACH TERM, PROVISION, AND CLAUSE OF THIS AGREEMENT HAS BEEN JOINTLY CONSTRUCTED, NEGOTIATED, AND PREPARED BY THE COMBINED EFFORTS OF THE PARTIES TO THE EXCLUSION OF NEITHER PARTY. THE PARTIES AGREE THAT THE TERMS, PROVISIONS, AND CLAUSES OF THIS AGREEMENT SHOULD NOT BE INTERPRETED IN FAVOR OF ONE PARTY AGAINST THE OTHER AS THE RESULT OF ANY CONSTRUCTION, NEGOTIATION, OR PREPARATION THEREOF.**

(o) **Local Business Days**. For all purposes of this Agreement and all Transactions entered into hereunder, Local Business Days are days on which U.S. commercial banks are open for business in New York, New York.

(p) **Preceding Business Day Convention**. For pricing purposes Business Day shall be defined as the Commodity Business Day. If such day is not a Business Day, then the Preceding Business Day Convention shall apply unless otherwise specifically provided for in a Confirmation.

(q) **Payment Failure Interest**. Provided a party ("Y") has not designated an Early Termination Date with respect to a failure by the other party ("X") in the performance of any payment obligation when due, and X subsequently remedies such failure, to the extent permitted by law, X shall be required to pay interest on the overdue amount to Y on demand in the same currency as such overdue amount for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(r) **Default Rate**. The definition of Default Rate provided in Section 14 of the ISDA Master Agreement is deleted in its entirety and replaced with the following:

> "Interest of the unpaid portion shall accrue at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum from the date due until the date of payment; or (ii) the maximum non-usurious applicable lawful interest rate."

(s) **Rounding**. For the purpose of calculating the Floating Price(s) all numbers shall be rounded as follows: Floating Price(s) relating to commodities quoted in (i) gallons shall be rounded to four places; (ii) MMBtu's shall be rounded to four places; (iii) barrels shall be rounded to three places and (iv) gigajoules shall be rounded to four places. If the number after the final number is five (5) or greater then the final number shall be increased by one (1), and if the number after the final number is less than five (5) then the final number shall remain unchanged.

(t) **Reference Market-makers**. The definition of "Reference Market-makers" in Section 14 of this Agreement is hereby amended by: (i) deleting "(a)" from the second line thereof, (ii) deleting in the fourth line thereof after the word "credit" the words "and (b) to the extent practicable, from among such dealers having an office in the same city" and (iii) replacing such words with the words "or who enter into transactions similar in nature to such Transactions."

(u) **Confidentiality**. This Agreement, all Transactions subject to this Agreement, all documents relating to this Agreement or any Transaction subject to this Agreement, and any information made available by one party or its Advisors (as defined below) to the other party or its Advisors with respect to this Agreement or any Transaction subject to this Agreement, are confidential (collectively referred to hereafter as "Confidential Information"). Each party shall at a minimum use the same efforts and standard of care with respect to Confidential Information provided by the other party that it uses to preserve its own Confidential Information. Confidential Information shall not be disclosed by a party or its Advisors (defined below) to any third party (nor shall any public announcement relating to this Agreement be made by either party), except for such information (i) as may become generally available to the public, (ii) as may be required or appropriate in response to any summons, subpoena, or otherwise in connection with any litigation or to comply with any applicable law, order, regulation, ruling, stock exchange reporting requirement or accounting disclosure rule or standard, (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the other party in making such disclosure, (iv) as may be furnished to that party's auditors, attorneys or advisors (collectively the "Advisors") who shall be required to keep the information that is disclosed in confidence, or (v) relating to Transaction information being provided to a third party who will use such Transaction information for the sole purpose of calculating a published index of pricing or reporting on other transaction information covering the industry as a whole, and provided further that such third party shall have entered into a confidentiality agreement relating to the Transaction data with the party to this Agreement providing such Transaction information. This provision shall remain in effect two years following the termination of this Agreement.

(v) **Cancellation**. Either party may cancel this Agreement upon 30 days prior written notice to the other party in the manner provided in Section 12. Except as otherwise specifically provided herein, cancellation of this Agreement shall not relieve the parties of any obligations incurred with respect to this Agreement prior to such cancellation.

Part 6

Provisions for Commodity Derivative Transactions

(a) Section 7.3 of the 1993 ISDA Commodity Derivatives Definitions is amended to read as follows:

> **Section 7.3. Corrections to Published Prices.** For purposes of determining the Relevant Price for any day, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days of the original publication or announcement, either party may notify the other party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than 30 calendar days after the publication or announcement of that correction, a party gives notice that an amount is so payable, the party that originally either received or retained such amount will, no later than 3 Business Days after the effectiveness of that notice, pay subject to any applicable conditions precedent, to the other party that amount, together with interest on that amount at the Default Rate for the period from and including the day on which a payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(b) The **"Market Disruption Events"** specified in Section 7.4(d)(i) of the Commodity Definitions shall apply in addition to "Trading Limitation" in Section 7.4(c)(viii).

> **"Trading Limitation"** specified in Section 7.4(c)(viii) of the Commodity Definitions is hereby amended by the addition of the following at the end thereof:
>
> "For these purposes, a limitation of trading on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract may fluctuate and the closing or settlement price of such Futures Contract on such day is at the upper or lower limit of that range."

(c) **"Additional Market Disruption Events"** shall apply if so specified in the Confirmation.

(d) The following **"Disruption Fallbacks"** defined in Section 7.5(c) of the Commodity Definitions shall apply, in the following order:

(1) **"Negotiated Fallback"**;

(2) **"Fallback Reference Price"**

(3) **"Postponement"**; with three (3) Commodity Business Days as the Maximum Days of Disruption; or

(4) **"Fallback Reference Dealers."**

EXECUTION APPROVAL SCHEDULE

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized officers as of the date hereof.

AEP Energy Services, Inc.

By: _____
Name: Ronald A. Erd
Title: Vice President
Date: January 26, 2005

EXECUTION APPROVAL SCHEDULE

ETC Marketing, Ltd.

By: _____
Name: _____
Title: _____
Date: January 26, 2005

EXHIBIT 3.10

CERTAIN PERMITTED ENCUMBRANCES

Seven Oaks Lateral Pipeline is subject to a Lease and Operating Agreement dated July 1, 1995, as amended by amendment dated November 1, 1998, which includes the right of the lessee to purchase a portion of the pipeline upon 90 days notice prior to July 1, 2010.

EXHIBIT 5.13

CERTAIN REAL PROPERTY INTERESTS

1. The rights of way and easements of the HPL Companies in which is located the pipeline described in Section 2.1.1(a) of Schedule 3.10 of Sellers' Disclosure Schedules.
2. The fee title interest of the HPL Companies in the land under which is located the Bammel storage reservoir described in Section 2.1.2 of Schedule 3.10 of Sellers' Disclosure Schedules.
3. The rights of way and easements of the HPL Companies in which is located the pipeline described in Section 2.2.2 of Schedule 3.10 of Sellers' Disclosure Schedules.
4. The rights of way and easements of the HPL Companies in which are located the pipelines described in Section 2.4 of Schedule 3.10 of Sellers' Disclosure Schedules other than the 300 miles of "A/S Line."

EXHIBIT 7.8

ALLOCATION OF PURCHASE PRICE

Assets comprising the Bammel Facilities	No less than $320,000,000, of which $10,000,000 is allocated to cushion gas of approximately 10.5 BCF
50% general partnership interest in MidTexas Pipeline Company	$30,000,000
To all other tangible assets	Residual purchase price

BUYER'S DISCLOSURE SCHEDULES

RELATING TO

PURCHASE AND SALE AGREEMENT

AMONG

HPL STORAGE LP,

AND

AEP ENERGY SERVICES GAS HOLDING COMPANY II, L.L.C. AS SELLERS

AND

LA GRANGE ACQUISITION, L.P.

AS BUYER

DATED AS OF JANUARY 26, 2005

Buyer's Disclosure Schedules

SCHEDULE 4.1

Organization and Good Standing of Buyer

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 4.2

Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Buyer

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. In connection with the exercise of the option under the Option Agreement, the parties may be required to make a filing under and otherwise comply with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.2. In connection with the exercise of the option under the Option Agreement, notification to the Texas Attorney General may be appropriate.

1.3. Post-Closing notice to Texas Railroad Commission.

1.4. Post-Closing P-5 notice to Texas Railroad Commission.

1.5. Post-Closing notice to FERC.

1.6. See Section 3.1 of Schedule 3.11 (Contracts of the HPL Entities).

1.7. FCC approval of license transfers.

SCHEDULE 4.3

No Litigation Against Buyer

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 4.4

Finders and Brokers

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 4.5

Bankruptcy

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SELLERS' DISCLOSURE SCHEDULES

RELATING TO

PURCHASE AND SALE AGREEMENT

AMONG

HPL STORAGE LP, AND
AEP ENERGY SERVICES GAS HOLDING COMPANY II, L.L.C.
AS SELLERS

AND

LA GRANGE ACQUISITION, L.P.,

AS BUYER

DATED AS OF JANUARY 26, 2005

Sellers' Disclosure Schedules

SCHEDULE 3.1

Organization and Good Standing of Sellers

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 3.2

Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Sellers

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. In connection with the exercise of the option under the Option Agreement, the parties may be required to make a filing under and otherwise comply with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.2. The parties have agreed that notice will be sent to the Texas Attorney General in connection with the exercise of the option under the Option Agreement.

SCHEDULE 3.3

No Litigation Against Sellers

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 3.4

Organization and Good Standing of the HPL Companies

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. HPL Consolidation owns 100% of the membership interests of Storage GP and HPL GP and a 99% limited partner interest in Storage Holdings and Storage Leaseco and a 99.5% limited partner interest in HPL Company LP, HPL Resources and Gas Marketing.

1.2. Storage GP owns a 1% general partner interest in Storage Holdings and Storage Leaseco.

1.3. HPL GP owns a 0.5% general partner interest in HPL Company LP, HPL Resources and Gas Marketing.

1.4. HPL Company LP owns 100% of AEP Houston Pipe Line Company, LLC, a Delaware limited liability company, 50% of MidTexas Pipeline Company, a general partnership organized under the laws of the State of Texas, an 80% tenant-in-common interest in the South Texas Pipeline, a 50% tenant-in-common interest in the Austin Pipeline, a 50% tenant-in-common interest in the Big Cowboy Pipeline, and a 50% tenant-in-common interest in the A/S Pipeline.

SCHEDULE 3.5

No Conflict, No Consent Requirements with respect to the HPL Companies

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. See Section 1.1 of Schedule 3.2 (Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Sellers).

1.2. See Section 1.2 of Schedule 3.2 (Enforceability; Authority; No Conflict; No Consent Requirements with Respect to Sellers).

1.3. Post-Closing notice to the Texas Railroad Commission to be provided by Buyer.

1.4. Post-Closing notice to the FERC to be provided by Buyer.

1.5. Notices to various Governmental Entities will likely be required at or after Closing, including a P-5 Notice to the Texas Railroad Commission to reflect the change in equity ownership and in officers and directors of the HPL Entities. Additionally to the extent individuals who are designated as "contact" persons for various emergency responses and general questions are changed post-Closing, notification to the appropriate Governmental Entities will need to be made by the HPL Entities. Similarly, if the name of the HPL Entities is changed post-Closing, various additional filings with Governmental Entities reflecting the name changes would likely be required and notification of any such name change should be given to all counterparties of the HPL Entities.

SCHEDULE 3.6

Capitalization of the HPL Companies; Sellers' Title

1. CAPITALIZATION OF THE HPL ENTITIES

HPL Entity	General Partnership Interests	Limited Partnership Interests	Membership Interests
HPL Consolidation	1% general partnership interest held by Storage LP	36% limited partnership interest held by Storage LP 63% limited partnership interest held by AEP Gas Holding II	
Storage GP			100% membership interest held by HPL Consolidation
HPL GP			100% membership interest held by HPL Consolidation
Storage Holdings	1% general partnership interest held by Storage GP	99% limited partnership interest held by HPL Consolidation	
Storage Leaseco	1% general partnership interest held by Storage GP	99% limited partnership interest held by HPL Consolidation	
HPL Company LP	0.5% general partnership interest held by HPL GP	99.5% limited partnership interest held by HPL Consolidation	
HPL Resources	0.5% general partnership interest held by HPL GP	99.5% limited partnership interest held by HPL Consolidation	
Gas Marketing	0.5% general partnership interest held by HPL GP	99.5% limited partnership interest held by HPL Consolidation	

2. CAPITALIZATION OF THE HPL ENTITY SUBSIDIARIES

HPL Entity Subsidiary	Ownership Interests
AEP Houston Pipe Line Company, LLC	100% membership interest held by HPL Company LP
Mid Texas Pipeline Company	50% general partnership interest held by HPL Company LP 50% general partnership interest held by Duke Energy Guadalupe Pipeline, Inc.

3. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES REGARDING SELLERS' TITLE

None.

SCHEDULE 3.7

Financial Statements of the HPL Entities

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

No balance sheets, statements of income and expense, or other financial statements for HPL Consolidation have been delivered to Buyer. The financial condition and results of operations of HPL Consolidation are not shown on any financial statements that were delivered to Buyer.

SCHEDULE 3.8

No Material Adverse Change

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

On December 15, 2004, HPL Company LP terminated the Asset Management Agreement with AEP Energy Services, Inc. (AEPES), which provided for the management of injections, withdrawals and storage of natural gas by AEPES in the Bammel storage facility. Concurrent with this contract termination, HPL Company LP purchased 45,428,622 MMBtu of natural gas owned by AEPES in the Bammel storage facility on December 15 at the AEPES book value of $228,216,468.

SCHEDULE 3.9

No Undisclosed Liabilities

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 3.10

Property and Leases of the HPL Companies

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. The right of the HPL Entities to use 55 bcf of cushion gas now in the Bammel facility under the Right to Use Agreement by and between BAM Lease Company and HPL Company LP, effective May 31, 2001, is in controversy as part of the Cushion Gas Litigation. Sellers believe the counterparty to the Right to Use Agreement is in default.

1.2. Reference is made to the other matters in controversy that are included in the Cushion Gas Litigation.

1.3. Various AEP Affiliates have leased assets under various agreements which include vehicles and computer equipment used exclusively in the Business.

1.4. The HPL Entities currently occupy approximately 49,000 square feet of leased office space in downtown Houston on the 11th and 12th floors of 1201 Louisiana Street. The sublease for the 12th floor has been assigned to HPL Company LP, effective January 24, 2005. The lease for the 11th floor has been assigned to HPL Company LP, to be effective 30 days after notice was delivered to the landlord (which occurred on January 25, 2005) pursuant to the terms of the lease, unless such landlord agrees to an earlier effective date. Until such time HPL Company LP will continue to occupy such space under the Transition Services Agreement.

1.5. Seven Oaks Lateral Pipeline is subject to a Lease and Operating Agreement dated July 1, 1995, as amended by an amendment dated November 1, 1998, which includes the right of the lessee to purchase a portion of the pipeline upon giving 90 days' notice prior to July 1, 2010, the expiration date of the Lease and Operating Agreement.

2. MATERIAL ASSETS

2.1. Prime Lease Assets

2.1.1. Houston Loop and Texas City Loop Pipelines

(a) Pipeline. The Houston Loop and Texas City Loop Pipelines are comprised of varying diameter steel pipelines designed to gather and transport natural gas under high pressure, aggregating to the approximate lengths shown below:

(i) 113.5 miles of 30" pipe;

(ii) 137.1 miles of 24" pipe;

(iii) 19.2 miles of 20" pipe;

(iv) 108.9 miles of 18" pipe;

(v) .4 miles of 17" pipe;

(vi) 69.2 miles of 16" pipe;

(vii) .3 miles of 14" pipe;

(viii) 81.1 miles of 12" pipe;

(ix) 13.2 miles of 10" pipe;

(x) 52.5 miles of 8" pipe;

(xi) 92.1 mils of 6" pipe;

(xii) 89.6 miles of 4" pipe;

(xiii) 15.1 miles of 3" pipe; and 7.5 miles of 2" pipe

(b) Equipment-Generally. Supplementing the steel pipe are a variety of standard natural gas pipeline valve, tap, interconnect, and pressure regulation and safety fittings and components, generally described as follows:

(i) Mainline Valves: The Houston Loop and Texas City Loop Pipelines contain approximately 40 mainline valves and approximately 760 other valves.

(ii) Separators: The Houston Loop and Texas City Loop Pipelines include eight crude oil/condensate and other entrained liquids separation stations.

(iii) Pressure Regulators: The Houston Loop and Texas City Loop Pipelines include eleven installations of pressure regulation equipment to protect the integrity of downstream pipelines with whom it is connected.

(iv) Cathode Protection: The Houston Loop and Texas City Loop Pipelines are cathodically protected throughout the system so as to minimize the effects of soil corrosion on the pipeline.

2.1.2. Bammel Storage Reservoir

The Bammel Storage Reservoir is an underground natural gas storage reservoir and related facilities located in Harris County, Texas north of the city of Houston and bounded generally by Hwy 290, I-45, Beltway 8, and FM 1960. The Bammel Storage Reservoir’s surface equipment is located

on approximately 1,000 acres of contiguous surface area and 17 non-contiguous lots, the underground reservoir comprising the Bammel Storage Reservoir is located in the Bammel Sand covering approximately 7,000 acres located in Northwest Harris County, Texas, which facility and acreage is more particularly described and depicted in Exhibits “A” through “C” attached to that certain Unit Agreement, Bammel Gas Unit, Harris County, Texas, a counterpart of which is recorded in Volume 1925, Page 283, of the Contract Records, Harris County, Texas, as amended by those certain Second and Third Amendments of the Unit Agreement, Bammel Gas Unit, Harris County, Texas, counterparts of which are recorded in Volume 2119, Page 336 and Volume 2130, Page 516, respectively, of the Contract Records, Harris County, Texas.

The Bammel Storage Reservoir assets consist of the following wells, facilities and equipment:

(i) 15 dual purpose injection/withdrawal wells of approximately 6200 feet in depth, together with associated downhole and wellhead equipment, well piping, measurement and valves to support both gas injection and withdrawal service;

(ii) 31 withdrawal wells, of approximately 6200 feet in depth, together with associated surface piping and facilities to support gas withdrawal service;

(iii) A liquids handling system consisting of one salt water disposal well, a three phase separator, eight 400 barrel tanks and the associated valves and piping;

(iv) 3 central dehydration stations with rated capacities of 288, 432 and 576 MMCF per day, incorporating a total of 9 gas dehydration units and 7 vapor recovery units;

(v) Inlet filter separator, and inlet scrubber and gas regulation and control equipment at each dehydration station;

(vi) 33.774 miles of storage related pipe with diameters ranging from 4 to 24 inches and the associated valves necessary to move and control gas into and out of the storage wells and the connecting HPL main pipeline.

2.2. Sublease Owned Assets

2.2.1. Bammel Storage Compressor Site

Being a 6.7733 acre site extending over, through, along and across that certain tract of land being in Harris County, Texas and belonging to Houston Pipe Line Company and being further referred to as the Bammel Storage Reservoir.

2.2.2. Bammel Loop Pipeline

That approximately 12 mile, 30-inch outside diameter pipeline which begins at the existing Bammel Storage surface facilities owned by HPL in Harris County, Texas and extending in a south southwesterly direction to its terminus in HPL owned property located in the F. Fry Survey, Abstract 268, in Harris County, Texas and the Debtors' interest in the easements and other real estate interests held by the Debtors covering the right of way in which such pipeline is located.

2.2.3. Bammel Gas Fired Compressors

The idle Bammel gas fired compressors consist of the following units:

(i) 6 Ingersoll Intergal Recips 412 KVSRA 2,400 horsepower units

(ii) 2 Superior W 62 Recip 6GT-825 750 horsepower units

(iii) 1 Joy WBF72HD Recip Waukesha 7042 750 horsepower unit

(iv) 3 Ingersoll Integral Recips 12 TVR 1,200 horsepower units

(v) 3 Ingersoll RDS Recips Superior 8GTLB 1,100 horsepower units

2.2.4. Electric Compressors

(i) seven 7,000 horsepower reciprocating natural gas compressors powered by variable frequency drive electric motors, together with necessary unit valves, lead and service piping, lube and gas cooling and unit control systems

(ii) electrical substation, circuit switches, transformers and secondary switch gear, harmonic filters and power connection systems

(iii) compressor building, power control room building, associated gravel roads to gain access to compressor site, fencing and safety related equipment required to house the electric compressors and the portions of the power facilities required to be housed indoors.

2.3. Gathering and Processing Assets

The following facilities, including valves, dehydrators, meters, regulators, and other pipeline equipment associated therewith:

Description	Miles	Diameter	% ownership
Zapata Line which runs through Zapata, Webb, and	25	12"	100%
Jim Hogg Counties of Texas	10	10"	100%
Thompsonville Line located in Webb and Duval Counties of Texas	100	12"	100%
Edinburg Line located in Hidalgo, Brooks, Jim Wells, and Kleberg Counties of Texas	80	24"	100%
	30	16"	100%
Big Cowboy Line located in Webb and Duval Counties of Texas	45	16"	50%
Dubose/Mission Valley Line located in Dewitt, Goliad, and Victoria Counties of Texas	89	12" plus numerous smaller sections	100%
Southwest Speaks Line located in Lavaca and Jackson Counties of Texas	32	8" and 12"	100%
Bonus/Spanish Camp Line located in Lavaca and Jackson Counties of Texas	37	6"	100%
South Padre Island Line located offshore of Padre Island, Texas	70	20"	100%
Valley Line located in Matagorda and Brazoria County	137	combination of 8" , 12" , 16"	100%
McMullen/Three River Line[1]	80	combination of 6" and 12"	100%
Three Rivers Cryogenic Processing Plant located in Live Oak County, Texas (Not operational; being evaluated for relocation or sale)			

[1] A portion of this is a low pressure pipeline system that was originally installed with plastic pipe which was later determined by the manufacturer not to be suitable for hydrocarbon use. Many segments of this system have been replaced and a quarterly monitoring process is in place.

2.4. Mainlines

The following facilities, including valves, dehydrators, meters, regulators, and other pipeline equipment associated therewith:

Description	Miles	Diameter	% ownership
South Texas Line which originates in Jim Hogg County, Texas and terminates in Caldwell County, Texas	193	24" and 30"	80%
Austin Line which originates in Caldwell County, Texas and terminates in Travis County, Texas	18	20"	50%
	20	16"	50%
Partnership interest in MidTexas Pipeline Company, which owns the MidTexas Line, which originates in Gonzales County, Texas and terminates in Waller County, Texas (see Material Contracts)	129	30"	50%
	10	12"	50%
Beeville to Texas City Line which originates in Live Oak, County Texas and terminates in Brazoria County, Texas	70	18"	100%
	115	24"	100%
A/S Line which originates in Nueces County, Texas and terminates in Newton County, Texas including compressor stations located in Texas Counties of Calhoun, Refugio, and San Patricio	300	30"	50%
Texoma Line which originates in Lamar County, Texas and terminates in Hardin County, Texas	266	30"	100%
Corpus Christi Loop, which serves the industrial markets in Corpus Christi, Texas area	90	12"	100%

2.5. Two compressors in Vidor, Texas.

Compressor skid package:

Engine- Caterpillar G3606-Tale, rated for 1775 hp @1,000 rpms, 6 cylinder, w/ turbo-charger

Compressor- Ariel JGK-4 throw unit w/ 4- KMU 8.75 cylinders, rated speed 1,100 rpms

Cooler- Air-X-Changer, model 156-EH, water and gas cooling, w/ louvers and hail guards

Unit Control panel- Murphy Millennium

Design conditions:

Suction- 550 psig

Discharge- 1050 psig

Volume- 20 to 50 mmscf/d

2.6. Treating Plants.

Jackalope Treating Plant near Thompsonville in Jim Hogg County, Texas.

Designed to treat up to 115 MMcf/d of gas with 10% CO_2 inlet and 2% or less outlet.

Dinn Treating Plants in Duval County, Texas.

Dinn #1 plant designed to treat up to 38 MMcf/d of gas with 12.5% CO_2 inlet and 2% or less outlet.

Dinn #2 plant designed to treat up to 18 MMcf/d of gas with 12.5% CO_2 inlet and 2% or less outlet.

SCHEDULE 3.11

Contracts of the HPL Companies

1. DISCLOSED HPL CONTRACTS

1.1. Unit Agreement

Unit Agreement re: Bammel Gas Unit, Harris County Texas between HPL Resources, successor in interest to Houston Natural Gas Production Company ("Operator") and other subscribers dated January 1, 1966

1.1.1. First Amendment of Unit Agreement, Bammel Gas Unit, Harris County, Texas dated effective November 22, 1966

1.1.2. Second Amendment of Unit Agreement, Bammel Gas Unit, Harris County, Texas dated effective November 1, 1966

1.1.3. Third Amendment of Unit Agreement, Bammel Gas Unit, Harris County, Texas dated effective January 1, 1968

Collateral Agreements

1.1.1. Collateral Agreement between Houston Natural Gas Production and the other parties thereto relating to Operator's operation of certain leasehold interests in the Bammel Field Area, Harris County, Texas dated 8/23/66

1.1.2. Supplemental Collateral Agreement to Bammel Unit Agreement dated 8/23/66

1.1.3. Collateral Agreement between Houston Natural Gas Production and the other parties thereto relating to Operator's operation of certain leasehold interests in the Bammel Field Area, Harris County, Texas dated 9/15/66

1.1.4. Supplemental Collateral Agreement to Bammel Unit Agreement dated 9/15/66

1.2. EMS Measurement and Associated Services Agreement

Measurement and Associated Services Agreement between EMS Measurement Services Company L.P. (formerly Hanover Measurement Services Company, L.P.) and HPL Company LP dated May 31, 2001

1.2.1. Procurement, Repair and Construction Agreement between EMS Measurement Services Company L.P. (formerly Hanover Measurement Services Company, L.P.) and HPL Company LP dated September 30, 1999

1.2.2. Shared Use of Facilities Agreement between EMS Measurement Services Company L.P. (formerly Hanover Measurement Services Company, L.P.) and HPL Company LP dated October 1, 2001

1.3. Compression Management Agreement

Compression Management Agreement between Contractor and HPL Company LP dated September 30, 1997, as amended by two amendments dated as of March 1, 1998 and three other amendments dated as of April 1, 1999, March 31, 2000 (Contractor I, II, II, IV) and January 1, 2002 (not executed)

1.3.1. Purchase Agreement between Contractor and HPL Company LP dated September 29, 1997 (Contractor I)

1.3.2. Purchase Agreement between Contractor and HPL Company LP dated April 1, 1998 (Contractor II)

1.3.3. Purchase Agreement between Contractor and HPL Company LP dated June 29, 1999 (Contractor III)

1.3.4. Purchase Agreement between Contractor and HPL Company LP dated March 31, 2000 (Contractor IV)

1.4. Joint Venture Agreements

1.4.1. MIDTEXAS PIPELINE COMPANY

Amended and Restated General Partnership Agreement of MIDTEXAS PIPELINE COMPANY between Duke Energy Guadalupe Pipeline, Inc. (TECO Pipeline Company) and HPL Company LP dated August 19, 1994, as amended by Amendments effective June 30, 1998, May [__], 2001[2], and July 1, 2003

Operating Agreement between MIDTEXAS PIPELINE COMPANY and HPL Company LP dated effective December 15, 1995, as amended by Ratification of and Amendment to Operating Agreement effective as of June 30, 1998

(a) Interruptible Intrastate Gas Transportation Agreement between Duke Energy Guadalupe Pipeline, Inc. and HPL Company LP dated December 15, 1995

(b) Interruptible NGPA Section 311 Gas Transportation Agreement Duke Energy Guadalupe Pipeline, Inc. and HPL Company LP dated December 15, 1995

[2] The date in the agreement is blank.

(c) Balancing Agreement between HPL Company LP and Duke Energy Guadalupe Pipeline, Inc. dated July 1, 2003

1.4.2. A/S PIPELINE

A/S Pipeline Operating Agreement between HPL Company LP and Gulfterra Intrastate, L.P. (formerly Channel Industries Gas Company) dated January 1, 1997, as amended July 15, 1999, August 7, 2000,

(a) A/S Pipeline Ownership Agreement between HPL Company LP and Gulfterra Intrastate, L.P. (formerly Channel Industries Gas Company) dated January 1, 1997

1.4.3. SOUTH TEXAS PIPELINE

Construction Operating and Tax Agreement between KinderMorgan Tejas Pipeline, L.P. (formerly Intrastate Gathering Corporation) and HPL Company LP dated November 19, 1985, as amended May 1, 1990, July 16, 1990

(a) Gas Exchange Agreement between KinderMorgan Tejas Pipeline, L.P. (formerly Intrastate Gas Corporation) and HPL Company LP referenced in 1.1.13 of the South Texas Agreement dated November 19, 1985

(b) Transportation Agreement between KinderMorgan Tejas Pipeline, L.P. (formerly Intrastate Gas Corporation) and HPL Company LP for Intrastate and 311 Gas referenced in 1.1.29 of the South Texas Agreement dated November 19, 1985

1.4.4. AUSTIN PIPELINE

Construction and Operating Agreement for the Austin Pipeline between KinderMorgan Tejas Pipeline, L.P. (formerly Intrastate Gas Corporation) and HPL Company LP dated September 19, 1986,as amended by 3 letters each dated September 19, 1986 for Gas Transportation, Compression and Aid to Construction, letter dated December 2, 1988, rental claims re: compression charges

1.4.5. BIG COWBOY SYSTEM

Big Cowboy System Construction, Ownership, Operation and Maintenance Agreement between KinderMorgan Tejas Pipeline LP (formerly Gulf Energy Pipeline Company) and HPL Company LP dated August 20, 1992, as amended August 26, 1994, October 1, 1995, November 30, 1995 and March 20, 1997

(a) Gas Transportation Agreement (Intrastate) between KinderMorgan Tejas Pipeline LP (formerly Gulf Energy Pipeline Company) and HPL Company LP referenced in 1.1.23 of above Agreement dated August 20, 1992, as amended August 26, 1994

1.5. Bammel Power Contract

AEP Account # 10250 being a contract between AEP Retail Energy and HPL Reliant Compression (HPL Company LP) covering the provision of electric service (Centerpont Meter # 951512) at HPL Company LP's Bammel facility located at 15011 Kuykendahl, Houston, Texas (ESID 10089010001532700121 00); such electric service being provided on a month to month basis terminable by either party upon not less than 30 days prior written notice to the other party

Reference is made to item 1.1 on Schedule 5.4.

1.6. Processing Agreements - EXXONMOBIL

1.6.1. Project Agreement between ExxonMobil Corporation (formerly, Exxon Company U.S.A., a division of Exxon Corporation) (“Exxon Mobil”), Humble Gas Pipeline Company (“Humble”), and HPL Company LP re: reservation of all of HPL Company LP’s capacity on the Edinburg Line, Southern Loma Blanca Line and HPL King Ranch Lateral for joint use of transport of rich Gas under this Agreement to Exxon Mobil’s King Ranch Plant (Capacity in Edinburg Line subject to HPL/Mobil Natural Gas, Inc. Transport K) dated 10/4/96, as amended 10/1/98, 10/1/99, 4/29/03

(a) Gas Liquifiables Purchase Agreement between ExxonMobil (as Buyer) HPL Company LP (as Seller and Transporter) dated 10/4/96

Exhibit C to the Gas Liquifiables Purchase Agreement is 4/1/96 Gas Purchase Contract between HPL Company LP (assignee of HPL Resources) and Coastal Oil & Gas USA, L.P. (assignee of Suemaur Exploration, Inc.) re: Cage Ranch in Brooks County, Texas (“Cage Ranch Agreement”)

4/1/00 Amendment to Cage Ranch Agreement

4/28/00 Termination of HPL Company LP’s and ExxonMobil’s obligations under Cage Ranch Agreement to buy and sell Natural Gas Liquifiables produced from Area I on Exhibit E

(b) Capacity Lease And Operating Agreement between Humble and HPL Company LP dated 10/4/96, as amended 4/29/03

(c) Agreement To Interconnect And Operate Natural Gas Pipeline Facilities between HPL Company LP and Humble re: Humble/HPL Interconnects in Brooks and Kleberg Counties, Texas dated 10/4/96, as amended 10/1/99, 4/29/03

(i) Facilities Agreement

4/29/00 HPL Company LP and Exxon Mobil re: Church of the Brethren Way

(d) HPL Transportation Agreements - HPL Company LP as Transporter and ExxonMobil as Shipper

(i) 10/4/96 Intrastate-Interruptible Gas Transportation Agreement (Kelsey Receipt Point – Intrastate Wet Gas) (Exhibit F1 to Project Agreement)

9/25/00 Partial Assignment of the Transport Agreement to Mobil Producing Texas & New Mexico to allow up to 7,000 MMBtu from Church of the Brethren Well

(ii) 10/4/96 NGPA § 311 – Interruptible Gas Transportation Agreement (Kelsey Receipt Point – 311 Wet Gas) (Exhibit F-2 to Project Agreement)

(iii) 10/4/96 Intrastate – Interruptible Gas Transportation Agreement (Stratton Receipt Point – Phase One Dry Gas) (Exhibit G to Project Agreement) (deleted in Amendment 3 to Project Agreement)

(e) HGPC Header Transportation Agreements - Humble as Transporter and HPL Company LP (as assignee of HPL Resources) as Shipper (Header Transportation Agreement)

(i) 10/4/96 Intrastate – Interruptible Gas Transportation Agreement (Exhibit I to Project Agreement)

(ii) 10/4/96 NGPA § 311 – Interruptible (Exhibit J to Project Agreement)

(iii) 10/1/98 Assignment of Humble Transportation Contracts from HPL Resources to HPL Company LP

1.6.2. Processing Agreements between ExxonMobil Corporation (formerly, Exxon Company U.S.A., a division of Exxon Corporation) (“Exxon Mobil”) and HPL Company LP (assignee of HPL Resources)

(a) Processing Agreement re: McAllen Ranch Field, Brooks County, Texas dated July 23, 1997, as amended (Contract No. 96060465)

(b) Transaction Agreement re: Processing gas from EOG’s Interests in Webb County, Texas dated October 30, 1997 (Contract No. 96061566)

(c) Processing Agreement re: gas from LaEncantada Field, Brooks County, Texas and Four P Investments Inc. and Daunis Properties, L.P. (assignees of Saxet Energy, Ltd.) in Duval County, Texas dated April 1, 1999, as amended (Contract No. 96060477)

(d) Processing Agreement re: re: gas from 3 Rivers Area, Live Oak, Duval and McMullen Counties, Texas dated October 1, 1999 (Contract No. 96060485)

(e) Processing Agreement gas from South Padre Island Pipeline System dated October 1, 2001, as amended (Contract No. 96081787)

(f) Processing Agreement re: gas from Hanna Trad Well, Loma Blanca Field, Brooks County dated August 8, 2003 (Contract No. 97000491)

(g) Amended and Restated Processing Agreement re: gas from Big Cowboy Pipeline System dated December 11, 2003 (Contract No. 96060464)

1.7. Processing Agreements - DUKE

1.7.1. Processing Agreements between Duke Energy Field Services, LP and HPL Company LP

(a) Gas Processing Agreement between Duke Energy Field Services, LP (Processor) and HPL Company LP (Supplier) (Port Arthur or West Beaumont Plants) dated September 1, 2001 (96081049)

(b) Gas Processing Agreement between Duke Energy Field Services, LP (Processor) and HPL Company LP (Supplier) (Gulf Plains Plant, Nueces County) dated June 1, 1996, as amended (96060450)

1.8. Processing Agreements - HILCORP

1.8.1. Processing Agreements between Hilcorp Energy Company and HPL Company LP

(a) 10/1/02 Gas Processing Agreement between Hilcorp Energy Company (Processor) and HPL Company LP (Supplier) (Old Ocean Gas Plant, Brazoria County, Texas) dated October 1, 2002, as amended (97000133)

1.9. Intercompany Lease Agreements (Prime and Sub)

1.9.1. Lease Agreement between Storage Holdings (assignee of ENA Asset Holdings L.P.), as Lessor, and Storage Leaseco (assignee of BAM Lease Company, assignee of HPL Company LP), as Lessee, effective November 10, 1999 (Prime)

First Amendment to Lease Agreement dated May 30, 2001

1.9.2. Sublease Agreement between Storage Leaseco (assignee of BAM Lease Company), as Sublessor, and HPL Company LP, as Sublessee, effective May 31, 2001

1.10. Right to Use Agreement

Right to Use Agreement by and between BAM Lease Company and HPL Company LP effective as of May 31, 2001

1.11. Consent and Acknowledgement

Consent and Acknowledgement (Cushion Gas) by and among The Bank of New York, the Bammel Gas Trust, Bam Lease Company, HPL Asset Holdings L.P., HPL Company LP, Enron Corp., Enron North America Corp., HPL Resources, and Bank of America, N.A. dated May 30, 2001.

1.12. Enron Settlement Agreement

1.12.1. Settlement Agreement and Mutual Release among AEP Energy Services Gas Holding Company, HPL Company LP, HPL Resources, AEP Energy Services, Inc., AEP Resources, Inc. and American Electric Power Company, Inc. and Enron Corp., Enron North America Corp., ENA Asset Holdings L.P., and BAM Lease Company dated as of April 2004

First Amendment to Settlement Agreement and Release dated August [__], 2004[3]

Second Amendment to Settlement Agreement and Mutual Release dated October 29, 2004

[3] The date in the agreement is blank.

Bankruptcy Court Order Approving Settlement Agreement and Mutual Release dated September 30, 2004

1.13. CO2 Treating Agreement

CO2 Treatment Agreement between Contractor and HPL Company LP dated February 15, 1999

1.14. Purported Security Interest of Bank of America

Bank of America claims a purported security interest in up to 55 Bcf of “Storage Gas” located in the Bammel storage facility.

1.15. HPL Guaranty of AEP Gas Marketing

Performance Agreement between CenterPoint Energy Entex, a division of CenterPoint Energy Resources Corp. (formerly, Entex, a division of Noram Energy Corp), CenterPoint Energy Intrastate Pipelines, Inc. (formerly, Unit Gas Transmission Company) and HPL Company LP whereby HPL Company LP guarantees the performance of Gas Marketing’s obligations under certain transaction agreements with Entex entities defined therein dated April 1, 1999.

2. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

2.1. Intentionally blank.

2.2. Various defaults and breaches of contractual obligations are the subject of certain litigation described in Schedule 3.13.

2.3. One or more material breaches by the counterparty may exist under the Right to Use Agreement described in item 1.10 above in this Schedule.

2.4. One or more material breaches by the counterparty may exist under the Consent and Acknowledgment described in item 1.11 above in this Schedule.

2.5. One or more material breaches by the counterparty may exist under Master Firm Purchase/Sale Agreement For General Service Customers Houston, East Texas and Gulf Coast Divisions dated April 1, 1999 between Gas Marketing (as assignee of Enron North America Corp. formerly Enron Capital & Trade Resources Corp.) and CenterPoint Energy Entex, a division of CenterPoint Energy Resources Corp. (successor to Entex, a division of Noram Energy Corp.) as amended.

SCHEDULE 3.12

Insurance Maintained by the HPL Companies

1. BUSINESS INSURANCE POLICIES

1.1. Environmental Site Liability Policy

Policy Numbers:	3725-37-46
Carriers:	Chubb Custom Insurance Company
Effective Dates:	12/20/01 - 12/20/06
Limits:	$25,000,000 Per Occurrence $50,000,000 Aggregate
Deductibles:	$1,500,000 each incident (Coverage A) $500,000 each incident (Coverage B)
Premium:	$394,319

* Endorsement naming AEP and its subsidiaries as additional named insured will be added to policy

1.2. Property Insurance - "All Risk" Corporate Program

Policy Numbers:		Various
Carriers:		
	Primary:	Energy Insurance (Bermuda)
	Excess:	Various carriers led by AEGIS
Effective Dates:		7/1/04 - 7/1/05
Limits:		$1,270,000,000
HPL Deductible:		$250,000 per occurrence
HPL Annual Premium:		$294,000
Special HPL Provisions:		VALUATION: Value of replacement gas will be calculated at $6.00 per 1,000 cubic feet of gas

1.3. **Casualty - Excess Liability Program**

Policy Numbers:		Various
Carriers:		
	Primary:	Chubb/Energy Insurance (Bermuda)
	Excess:	Various carriers led by AEGIS
Effective Dates:		7/1/04 - 7/1/05
Limits:		$450,000,000
HPL Deductible:		$0 per occurrence
HPL Annual Premium:		$350,000
Special HPL Provisions:		Well Control and Exploration excluded

Covers General Liability, Auto Liability, Rail Road, etc.

1.4. **Workers Compensation**

Policy Numbers:		Various
Carriers:		
	Primary:	Texas Self Insured
	Excess:	Various carriers led by EIB & AEGIS
Effective Dates:		12/1/04 - 12/1/05
Limits:		$150,000,000
HPL Deductible:		$500,000 per occurrence
HPL Annual Premium:		TBD
Special HPL Provisions:		HPL workers are included in AEP Corporate Texas Self Insured WC bond

1.5. **D&O Liability**

Policy Numbers:		Various
Carriers:		
	Primary:	AEGIS
	Excess:	Various
Effective Dates:		1/1/05 - 3/15/06
Limits:		$325,000,000
HPL Deductible:		$0 per occurrence
HPL Annual Premium:		$148,206
Special HPL Provisions:		N/A

1.6. **Fiduciary Insurance**

Policy Numbers:		Various
Carriers:		
	Primary:	XL
	Excess:	Various
Effective Dates:		7/1/04 - 7/1/05
Limits:		$75,000,000
HPL Deductible:		$0 per occurrence
HPL Annual Premium:		$20,000
Special HPL Provisions:		N/A

1.7. Major lines of coverage noted, other various corporate insurance policies will also cancel coverage related to HPL Companies upon sale, and no HPL Company will be entitled to any refund of premium as a result thereof.

2. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

2.1. There are 8 open claims under liability and auto coverage with approximately $135,000 in open reserves.

2.2. On-going Worker's Comp claims made, dating from January 1, 2003 through and including December 31, 2004, as follows:

2003

Level 5	Claimant Name	Date of Injury	Status	Claim Type Description	Severity Description	Period Indemnity Paid	Period Medical Paid	Period Expenses Paid	Period Total Paid	Outstanding Reserves
Houston Pipeline	Clawson, Charlotte	15-Jul-03	Open	Indemnity	Temporary Total Disability	$2,685.00	$ 3,038.17	$624.00	$6,347.17	$12,776.83
Sum:						**$2,685.00**	**$ 3,919.04**	**$624.00**	**$7,228.04**	**$12,776.83**

2004

Level 5	Claimant Name	Date of Injury	Status	Claim Type Description	Severity Description	Period Indemnity Paid	Period Medical Paid	Period Expenses Paid	Period Total Paid	Outstanding Reserves
Houston Pipeline	Clawson, Charlotte	15-Jul-03	Open	Indemnity	Temporary Total Disability	$5,640.00	$ 2,936.99	$ 0.00	$8,576.99	$ 4,699.84
Houston Pipeline	Larkin, James	8-Jun-04	Open	Indemnity	Temporary Total Disability	$ 0.00	$ 321.70	$ 0.00	$ 321.70	$ 178.30
Sum:						**$5,640.00**	**$ 3,747.87**	**$ 0.00**	**$9,387.87**	**$ 4,878.14**

SCHEDULE 3.13

No Litigation Against the HPL Companies

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. The following matters, which are not Retained Matters but are covered by the Cushion Gas Litigation Agreement:

1.1.1. *Bank of America, N.A., as Administrative Agent, and as Representative of Wilmington Trust Company, Trustee of the Bammel Gas Trust v. Houston Pipe Line Company LP*, Cause No. 2002-36488, in the 280th Judicial District Court, Harris County, Texas, on appeal to the Houston First Court of Appeals, C.A. No. 01-03-1263-CV.

1.1.2. *AEP Energy Services Gas Holding Co., HPL, et al v. Bank of America, N.A., as "administrative Agent," as "Master Swap Counterparty," and as "Purchaser,*" Civil Action No. H-03-4973, in the U.S. District Court, Southern District of Texas, Houston Division (Section 2(e) Lawsuit).

1.1.3. *In re: Enron Bankruptcy* (Adversary Proceeding/Rejection Proceeding).

1.2. The following matters and any and all claims related to such matters, all of which are Retained Matters:

No.	***Case Style or Matter Description***	**Summary**
1.	*In re Natural Gas Royalties Qui Tam Litigation*, MDL Docket No. 1293 (D. Wyo.) *(Grynberg II)*	Federal qui tam action alleging intentional undermeasurement of gas produced from federal and Indian lands, and alleged affiliate underpayments. HPL Company LP is a defendant.
2.	*In re: Metricom, Inc. (Chapter 11);* No. 01-53291-ASW, in the U.S. Bankruptcy Court, Northern District of California	HPL Company LP filed a proof of claim for $14,850.00 in unpaid tower lease rentals.
3.	*Houston Pipe Line Company v. Coastline Resources, Inc.;* Cause No. 2001-17636, in the 125th Judicial District Court, Harris County, Texas	Retainage under a settlement agreement. Pursuant to a settlement agreement regarding an underlying offshore construction contract dispute executed 8/14/03 between HPL Company LP and Coastline, $21,582.50 was reserved to pay claims by potential claimants Sprintank, Dinko's and Circulation Tools, Inc. If none makes a claim by 3/31/07, Coastline is owed this amount.
4.	*Zapata County, et al. v. Rosalva Guerra, et al.;* Cause No. 4828, in the 49th Judicial District Court, Zapata County, TX	Ad valorem tax suit arising out of the alleged undervaluation of gathering lines in Zapata County for the years 1998, 1999 and 2000, filed against HPL Company LP and numerous other defendants on 9/20/00.
5.	*In re Tuleta Site, Bee County, Texas, Operator Cleanup Program file no. 02-1261* (Informal response by HPL Company LP to Texas Railroad Commission request for remediation)	Environmental remediation matter arising out of alleged contamination by HPL Company LP of the Tuleta site.

No.	Case Style or Matter Description	Summary
6.	Enforcement Action Against HPL Resources (Operator No. 407240) For Violations of Statewide Rules on the Magnolia City Plant (No. 0403569) Site, Nueces County, Texas, before the Texas Railroad Commission	RRC environmental remediation enforcement action filed against HPL Resources arising out of the alleged contamination by HPL Resources of the Magnolia City site. Additionally, HPL Company LP has received a November 8, 2004 letter on behalf of Tennessee Gas Pipeline Company, et al for a potential claim under the Settlement Agreement, Indemnity and Release between Houston Pipe Line Company, et al and Tennessee Gas Pipeline Company, dated April 2000.
7.	*City of San Benito v. Tejas Gas Pipeline Company, et al.*; Cause No. 2002-08-3596, in the 107th Judicial District Court, Cameron County, Texas	City street rental fee litigation.
8.	*In re: Texoma 30-inch Line Weld Analysis* (unfiled)	Pre-suit investigation. On 8/21/04, HPL Company LP discovered that a tie-in weld at Site #13 on the Texoma 30-inch line as part of the Texoma Pipe Line Replacement Project had failed.
9.	*Intentionally blank*	
10.	*In re: Oak Grove Ventures, Ltd. Claim Against HPL Company LP* (unfiled)	Oak Grove alleges it sustained approximately $220,000 in lost revenue as a result of an HPL Company LP line allegedly being outside of its easement, due to restrictions on Oak Grove's building project.
11.	*Ted Lumberton Development, Ltd. v. Houston Pipe Line Company LP*; Cause No. 43,792, in the 356th Judicial District Court, Hardin County, Texas	Alleged breach of easement agreement and request for injunction. Plaintiff, a real estate developer, alleges that HPL Company LP failed to lower its pipeline in one or more locations.
12.	*Daniel Pruneda v. Houston Pipe Line Company*; Cause No. 03-06093-A, in the 28th Judicial District Court, Nueces County, Texas	Personal injury negligence action. Plaintiff alleges that he sustained permanent physical injuries on 8/20/03 when a chisel plow being pulled by a tractor driven by him struck HPL Company LP's line. A similar line strike occurred on 8/19/03 on another HPL Company LP line, involving a different tractor and chisel plow.
13.	*In re: Welder Exploration Claim Against HPL Company LP* (unfiled)	Alleged breach of producer gas purchase agreement. By letter dated 6/3/04, Welder Exploration & Production, Inc. demanded payment of $36,800.01 from HPL Company LP, which HPL Company LP had previously offset from Welder's production.
14.	*In re: Solutia, Inc., et al.*; C.A. No. 03-17949 (PCB), in the U.S. Bankruptcy Court, Southern District Court of New York	HPL Company LP sold substantial quantities of gas to Solutia pre-petition on a payment in advance basis, due to Solutia's history of poor credit.
15.	*In re: Ofrelia Salazar Claim Against HPL Company LP* (unfiled)	Easement dispute. By letter dated 8/26/02, an attorney for Salazar, the alleged landowner of a tract of land in Webb County, advised that HPL Company LP's personnel had left a deep hole at the entrance to a gate and that a horse valued at $2,000 had been lost. Salazar's attorney advised that unless immediate steps were taken to prevent further damage and to compensate Mr. Salazar, Mr. Salazar would take "appropriate legal action."
16.	*In re: HPL Texoma 5/20/03 Rupture* (unfiled)	On 5/20/03, there was a rupture and subsequent fire on the Texoma line adjacent to the Sunoil facility. All known claims were settled in late 2003.
17.	*In re: Duke Energy Trading & Marketing, LLC Claim Against HPL Company LP* (unfiled)	By letter dated 4/29/02, Duke requested payment of $825,929.32 by 5/10/02 for physical gas deliveries.

No.	Case Style or Matter Description	Summary
18.	*Houston Pipe Line Company LP v. Jonathan Scott Anderson, Individually and d/b/a The Boat Dock Seafood and Oyster Bar, et al.;* Cause No. 2003-53005, in the 190th Judicial District Court Harris County, Texas	Encroachment lawsuit. HPL Company LP sued the owners of The Boat Dock for negligence and breach of contract arising out of a 1/18/03 rupture of the Conroe 6-inch line. This case has been settled and dismissed. The Boat Dock owes HPL Company LP indemnity if later pursued by CenterPoint, which made a $220,000 claim against HPL Company LP, or either of two potential personal injury plaintiffs. On 1/14/05, a Plaintiffs' Original Petition was filed by Ramon Sanchez and Andres Sanchez, naming as defendants American Electric Power Houston Pipe Line Company and American Electric Power Texas, Case No. 2005-03160, in the 165th Judicial District Court of Harris County, Texas. As of 1/20/05, no AEP entity had been served. The Sanchezes are believed to be the two personal injury plaintiffs earlier identified.
19.	*Houston Pipe Line Company LP v. Ensource Corporation*; Cause No. 18,867, in the 1-A District Court, Tyler County, Texas	Negligence and breach of contract lawsuit arising out of the 5/24/03 Woodville fire. HPL Company LP seeks recovery of damages from Ensource, which provided third-party trucks, including a Gulf Coast Vacuum truck at which the fire appears to have originated. HPL Company LP has a potential claim against a third party not joined in the suit.
20.	*John and Heather Maher, et al. v. CenterPoint Energy, et al.*; Cause No. 38075, in the 23rd Judicial District Court, Wharton County, Texas (see Weldon Johnson and Guy W. Sparks, et al. v. CenterPoint Energy, et al. below)	Purported Texas-wide class action fraud suit alleging use of illegal "high/low" agreements by CenterPoint and others, including Gas Marketing, HPL Company LP, and HPL GP.
21..	*Weldon Johnson and Guy W. Sparks, et al. v. CenterPoint Energy, Inc., et al.*; No. 04-327-2, in the Circuit Court of Miller County, Arkansas *(see John and Heather Maher, et al. v. CenterPoint Energy, et al., above)*	Maher copycat case. Purported nation-wide class action fraud suit against CenterPoint and others, including Gas Marketing, HPL Company LP and HPL GP.
22.	The matters described in the Quarterly Report on Form 10-Q of American Electric Power Company, Inc. dated November 5, 2004, under the heading "Litigation–Energy Market Investigations"	The matters described in the Quarterly Report on Form 10-Q of American Electric Power Company, Inc. dated November 5, 2004, under the heading "Litigation–Energy Market Investigations."
22.	*Anjinette Bordelon v. American Electric Power Service Corporation*, EEOC Charge No. 36B-A4-00254, City of Corpus Christi Human Relations Charge No. 36B-A4-00254	Alleged sexual discrimination.
23.	*In re HPL and HPL Compression Company for Texas Sales and Use Tax Refund*	Request for refund of $271,678.27 for purchases of electricity prior to 6/2001; $196,186.80 for the period from 6/2001 through 12/2001; and $233,764.64 for the period from 1/2002 through 6/2003. Also, HPL Company LP has a potential claim for sales tax refunds in the amount of $106,000 related to three Bammel projects performed in 2004.
25.	*In re SBC Claim Against HPL Company LP* (Line Strike) (Unfiled)	10/14/02 alleged line strike by HPL Company LP employee of SBC fiber optic cable near 5535 Highway 6 North and Timber Creek. Received invoice for repairs from SBC for $8,068.11.

1.3. The following matters and any and all claims related to such matters, none of which is a Retained Matter:

No.	Case Style or Matter Description	Summary
1.	*In re Las Tiendas Site, Webb County, Texas, Operator Cleanup Program file no. 04-1256 (Informal response by HPL Company LP to Texas Railroad Commission request for remediation)*	RRC environmental remediation matter (no enforcement action filed). The RRC is pursuing HPL Company LP and Cerrito for site remediation. A settlement in principle has been reached between HPL and Cerrito, pursuant to which HPL Company LP pays $35,000 and Cerrito agrees to take primary responsibility for site remediation.
2.	*In re Conoco HQ Site, Bee County, Texas, Operator Cleanup Program file no. 02-1259 (Informal Responses by HPL Company LP to Texas Railroad Commission requests for remediation) and Smith Production Site, Aransas County, Texas, Operator Cleanup Program file no. 02-1252.*	RRC environmental remediation matter (no enforcement action filed). HPL Company LP has agreed to monitor and sample these sites through 2005.
3.	*In re HPL Company LP Claim Against San Patricio/Aurora*	Environmental remediation matter arising out of hydrocarbon releases by San Patricio and/or Aurora on O.M. Lander Lease, Victoria County, Texas. Aurora has since executed a settlement agreement requiring it to assume sole responsibility for clean-up of the site. By letter dated 4/6/04, Aurora notified the RRC that it was assuming sole responsibility for site clean-up. Aurora has not, however, provided the pollution coverage certificate of insurance required by the agreement.
4.	*In re Cannon and Kinder Morgan Dispute*	Cannon has storage rights in Bammel. Cannon has given Kinder Morgan administrative authority to nominate gas on its behalf. Kinder Morgan has reportedly recently withheld payment to Cannon because of insecurity over Cannon's ability to provide storage for Kinder Morgan for the term required by Kinder Morgan.
5.	*Houston Pipe Line Company v. Kinney Fitzgerald, et al.*; Cause No. 18378, in the 253rd Judicial District Court, Chambers County, Texas	Condemnation case arising out of construction and installation of a city gate facility in Chambers County.
6.	*Mid-Texas Eminent Domain Cases* *Cusack Ranch* *Cusack Trust* *Walter Roy Wright, Jr.* *Walter Roy Wright, III* *Wilbert O. Dernehl, Jr.*	Five condemnation cases arising out of Mid-Texas pipeline project.
7.	*In re AEP Gas Marketing LP Claim Against CenterPoint*	Unfiled potential claims for breaches of contract.
8.	*City of Corpus Christi, Texas v. Air Liquide America, LP, et al.*; Cause No. 04-06556-A, in the 28th Judicial District Court, Nueces County, Texas	City street rental fee lawsuit. On 11/17/04, the City filed suit in Nueces County for a declaratory judgment action regarding a recently-enacted street rental franchise ordinance. HPL Company LP and approximately 50 other pipelines and refiners were named.
9.	*City of Victoria v. Houston Pipe Line Company, et al.*; Cause No. 03-6-59833-C, in the 267th Judicial District Court, Victoria County, Texas	City street rental fee litigation. On 6/3/03, the City of Victoria filed suit against various HPL entities for violation of the City's street rental ordinance since its enactment in 1941 as a result of (1) negligence per se as a result of such violation and (2) perpesture (encroachment on a public right-of-way). The City requests payment of actual damages in an unspecified amount, prejudgment interest, and attorneys' fees.

No.	Case Style or Matter Description	Summary
10.	*In re PHA Claim Against HPL Company LP (PHA Permitting Issue)* (unfiled)	Annual permit fee dispute. Since 1998, HPL Company LP has declined to pay annual permit fees now aggregating approximately $275,000 to the Port of Houston Authority ("PHA").
11.	*In re Railroad Easement Disputes* (unfiled)	Dispute over ability of the Railroad Management Company LLC ("RRMC") to unilaterally escalate annual fees in underlying HPL/railroad company agreements.
12.	*In re HPL Company LP Claim Against Prestonwood PUD and Harris County* (unfiled)	Potential claim. HPL Company LP seeks to prevent further loss of cover and undercutting of an HPL Company LP 6-inch line north of Cypresswood Drive. The cause appears to be water carried by culverts installed under a nearby county road.
13.	*In re Welhausen Operating Company LP Claim Against HPL Company LP* (unfiled)	Alleged anticompetitive pricing. By letter dated 11/12/04, Welhausen, a producer, has alleged that HPL Company LP engages in anticompetitive gas pricing, and demanded prices greatly in excess of what HPL Company LP is willing to offer. By letter dated 12/1/04, HPL Company LP responded that its pricing was driven by, among other things, the off-spec nature of Welhausen's gas.
14.	*In re HPL Company LP Claim Against Texas Department of Transportation and Zachry Construction (Line Strike)* (unfiled)	On 7/16/04, a trackhoe struck and damaged HPL Company LP's 20-inch Lake Jackson line. This was a Texas Department of Transportation construction project, and Zachry was one of its subcontractors. HPL Company LP has reached agreement with TxDot to pay HPL Company LP for replacement of the pipe at issue, subject to submission of invoices.
15.	*In re HPL Claim Against Apache Telecom*	Breach of contract. Apache Telecom reportedly inadvertently disposed of HPL Company LP property worth over $4,000.00.
16.	*In re Cliff Hoskins Verified Petition to Perpetuate Testimony to Investigate a Claim*; Cause No. 2004-65559, in the 281st Judicial District Court, Harris County, Texas	Cliff Hoskins, a purported royalty owner, has filed this action to obtain records of gas purchases by HPL Company LP from Prize Energy, the operator. Hoskins will allegedly use these records to determine whether production ceased for long enough to cause the lease to be cancelled and give Hoskins a claim against Prize.
17.	*In re HPL Resources Company LP claim for $31,358.43*, dated 9/30/03, before the Comptroller of Public Accounts, Unclaimed Property Section	Claim for escheated funds.

1.4. The following, none of which is a Retained Matter, are matters in which no HPL Company is a party, but as a result of which an HPL Company (a) has been requested to provide information to parties in the suit or (b) has been advised that a party to the suit has been requested to provide information that such HPL Company may consider confidential:

No.	Case Style or Matter Description	Summary
1.	*In re WD Energy Services, Inc. (Notice of Disclosure Letter)*	By letter dated 6/9/04, WD notified HPL Company LP that it may produce confidential HPL Company LP documents in various lawsuits regarding natural gas sales and purchases within the state of California and elsewhere. HPL Company LP is not a party to any of the underlying litigation.

No.	Case Style or Matter Description	Summary
2.	*Frank H. Migl, et al. v. Dominion Oklahoma Texas Exploration & Production, Inc.;* Cause No. 03-06-19,472CV, in the 25th Judicial District Court, Lavaca County, Texas	Plaintiffs are royalty owners who seek damages from Dominion, the producer, for the failure to market their gas for a sufficiently high price. HPL Company LP is not a party. Pursuant to the confidentiality order, Dominion has produced a copy of the HPL Company LP gas purchase agreement.
3.	*ExxonMobil Corporation v. United States of America*; Civil Action Nos. 3-00-CV-0815-M (for the year 1976) and 03-02-CV-2010-M (for the years 1977 and 1978), in the U.S. District Court, Northern District of Texas, Dallas Division	ExxonMobil has filed several tax refund cases against the United States for past production years. To make its case, ExxonMobil has subpoenaed files from pipeline companies such as HPL for wellhead gas prices. HPL Company LP is not a party.

SCHEDULE 3.14

Compliance by the HPL Entities with Applicable Law; Permits

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. See Schedule 3.2 item 1.1.

1.2. See Schedule 3.2 item 1.2.

1.3. HPL Company LP made the following FERC filings late:

Semi-Annual Storage Report for the period April 2001 through October 2001 — This was filed August 21, 2003.

Semi-Annual Storage Report for the period November 2001 through March 2002 — This was filed August 21, 2003.

Semi-Annual Storage Report for the period April 2002 through October 2002 — This was filed August 21, 2003.

Semi-Annual Storage Report for the period November 2002 through March 2003 — This was filed August 21, 2003.

Semi-Annual Storage Report for the period April 2003 through October 2003 — This was filed December 22, 2003.

These were all zero report filings.

Additionally, the 2002 Annual Report of Section 311 Transportation Service was refiled on October 8, 2004 (and is now reflected in the FERC Data Base) because HPL Company LP's original filing was not reflected in the FERC Data Base. HPL Company LP's records indicated that the original filing was timely submitted.

1.4. HPL Company LP previously filed certain storage reports with the Texas Railroad Commission that erroneously indicated a zero volume of native gas.

1.5. Received Alleged Notices of Violations.

1.5.1. September 17, 2004 - Operations and Maintenance Procedures, Electrolytic conditions in casing.

Audits # 2004-11271_T, 2004-1272_T, 2004-11274_T, 2004-11274_T, 2004-11276_T, 2004-11277_T, 2004-11278_T, 2004-11279_T, 2004-1268_T, 2004-1269_T, 2004-1281_T, and 2004-1282_T.

HPL Company LP responses mailed on November 17, 2003 and October 13, 2004.

1.5.2. September 17, 2004 - Cathodic Protection Survey Frequency.

Audit # 2004-11273_T.

HPL Company LP response mailed on October 12, 2004.

1.6. HPL Company LP sent letters to certain interstate pipelines notifying them that the service being performed by the interstate for HPL Company LP was to be performed pursuant to the provisions of Part 284, Subpart B of the FERC regulation where the transportation agreements in place indicated that the service being performed by the interstate was being performed pursuant to the provisions of Part 284, Subpart G.

1.7. HPL Company LP notified a shipper under a Firm 311 Backhaul agreement that its FERC Statement of Operating Conditions did not provide for such service and that no such service had been provided for the shipper under that agreement nor would such service be provided in the future.

1.8. AEP has reported certain energy market investigations in its quarterly reports on form 10-Q. In particular, the Federal Energy Regulatory Commission conducted an informal investigation of American Electric Power Company, Inc. Pursuant to that informal investigation, the FERC scrutinized certain transport activities of the HPL Company LP in connection with an asset management agreement previously in place between the HPL Company LP and an affiliate, which has been terminated.

2. LIST OF PERMITS

2.1. Since 1998, HPL Company LP has declined to pay annual permit fees now aggregating approximately $275,000 to the Port of Houston Authority (“PHA”). Despite that, approximately every six months, the PHA unilaterally agrees to a six month extension of the old permits. HPL Company LP has joined with other pipelines in negotiations with the PHA to seek a reasonable permit fee and language.

2.2. The City of Houston notified all pipelines having facilities in the city that they needed to obtain a permit for the continued operation of their pipelines, and HPL Company LP made its filing for such a permit. However, the City of Houston sent back the permit fee and indicated that the permit was not available for gas utility pipelines. HPL Company LP has joined with other pipelines in negotiations with the City of Houston as to whether such permit is available.

2.3. HPL Company LP has declined to pay the Railroad Management Company LLC (“RRMC”) annual fees which it unilaterally escalated under HPL Company LP/railroad company agreements. HPL Company LP has by letter dated August 31, 2004 advised the RRMC that HPL Company LP would seek condemnation if and to the extent the RRMC seeks to terminate any of the agreements. HPL Company LP continues to make payment at the old rates.

SCHEDULE 3.15

Intellectual Property of the HPL Companies

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

The following items are used by the HPL Companies, but the HPL Companies currently do not have licenses, leases, or title in their own names for the use of such items.

1.1. PGAS – Measurement system

1.2. GMS – Gas Management, Logistics and Scheduling system

1.3. RAFT – Credit system

1.4. Web Methods – Integration Framework that bridges data between Business systems (i.e.Tradeblotter to GMS)

1.5. OpenLink – Risk system

1.6. Tradeblotter – Trade Capture system - in house

1.7. CQG – Software that provides real time interactive information to traders

1.8. ICE – Intercontinental Exchange; Trading platform

1.9. Newsgrazer – Tool that provides real time news updates

1.10. PeopleSoft – A/R, A/P, G/L, Time reporting system

1.11. Nova – Expense reporting system

1.12. Lotus Notes – Email system

1.13. RightFax – Automated faxing software

1.14. Documentum – Document storage software

1.15. AutoCad, et al – Computer Aided Design / Drafting application

1.16. NICE Tape Retrieval – Phone recording retrieval system

1.17. Microsoft Project – Project planning software

1.18. Microsoft Office Products – Excel, Word, Access

1.19. Microsoft Windows 2000 server – License for Windows 2000 operating system

1.20. MS SQL Server 2000 Standard – License for MS SQL Server 2000 Standard operating system
1.21. Visio – Software used for creating diagrams
1.22. Visual Studio.Net developer – Programming tool used by developers
1.23. Nortel – VPN Communication Client that allows remote connectivity
1.24. Fiberlink – Tool that allows remote access
1.25. Black Ice – Workstation Anti virus
1.26. AIX (IBM Unix) OS – License for IBM AIX operating system
1.27. Landesk – Tool used to remote to another's computer for break fix, training
1.28. PLSQL Developer – Developer query tool
1.29. EMC – Data Storage System
1.30. Microsoft Terminal Server – Applications accessed through terminal emulation
1.31. ETRALI – Phone recording system
1.32. TSM – Tivoli Storage Management system for tape backups
1.33. Oracle – Database licenses
1.34. All Microsoft products utilized in the business not listed above
1.35. FIS – Financial Interface System – Interface between GMS and PeopleSoft – in house
1.36. Docujet – CAD vendor application
1.37. Aries – CAD vendor application
1.38. PI Dwights Scout Express, et al – CAD vendor applications
1.39. ARCview, et al – CAD vendor application
1.40. Auto plant – CAD vendor application
1.41. CPDM – Engineering application
1.42. HTS Compress – Engineering application
1.43. MP2 – Engineering application
1.44. Plan – CAD vendor application

1.45. RSTRENG – Engineering application

1.46. Winflow Wintran – CAD vendor application

1.47. LPG almanac – CAD vendor application

1.48. HYSIS – CAD vendor application

1.49. PGAS Extract / Filter – Extract file sent to POPS – in house

1.50. Custom Invoices – in house

1.51. Custom Reports – in house

1.52. RTP/Deal Ticker – Real Time Position – in house

1.53. Gas Confirms – in house

1.54. Nomination Screen – in house

1.55. Gas Ops – Scheduling Logging tool – in house

1.56. IRIS – Reserve / supply queries – in house

1.57. TRRC – Regulatory application – in house

1.58. LawPack – Litigation tracking system

1.59. BMC – Monitoring

SCHEDULE 3.16

Tax Matters

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. HPL Company LP is the in the process of reverse sales tax audits being conducted by Ryan and Company, Inc. for three periods.

The first period covers the period prior to June 2001. The Comptroller has approved this refund and HPL Company LP anticipates receiving the refund in the first quarter 2005.

Total refund:	$271,678.27
Less Ryan & Co payment:	$ 67,919.57
Net refund:	$203,758.70

The second refund (06/01-12/01) relates to the same electricity issue and is in the process of being submitted to the state. Resolution is expected in the first or second quarter 2005.

Refund in process of being filed:	$196,186.80
Less Ryan & Co payment:	$ 49,046.70
Net refund:	$147,140.10

The third refund (01/02-06/03) relates to the same electricity issue and is also in the process of being submitted to the state. Resolution is expected in the first or second quarter 2005.

Refund in process of being filed:	$233,764.69
Less Ryan & Co payment:	$ 58,441.17
Net refund:	$175,323.52

The electricity issue arises from the fact that Reliant Energy charged sales tax on sales of electricity to HPL Company LP for use at the Bammel Facilities. AEP received a favorable ruling from the State citing Comptroller's rule 3.295 (c)(4), which provides that Gas and Electricity are exempted from the taxes imposed by this chapter when sold for direct use in exploring for, producing, or transporting a material extracted from the earth. Ryan & Co became involving when certain procedural refund changes occurred in Texas and the State began requiring cancelled checks, proof from Reliant Energy that HPL Company LP's account was never credited, etc.

These refunds, net of amounts payable to Ryan and Company, Inc., will be for the account of Sellers in accordance with Section 7.4 of the Agreement.

Both Houston Pipeline Company and HPL Resources Company (for the period during which each was treated as a c-corporation for federal tax purposes) are under tax audit for the year 2001 as part of the American Electric Power Company consolidated tax return.

SCHEDULE 3.17

Workforce Matters of the HPL Entities

1. LABOR DISPUTES

1.1. Exceptions to Representations and Warranties.

Reference is made to Item 23 in Section 1.2 of Schedule 3.13.

2. EMPLOYEE BENEFIT PLANS

2.1. Benefit Plans

2.1.1. American Electric Power System Retirement Savings Plan

2.1.2. American Electric Power System Retirement Plan

2.1.3. American Electric Power System Comprehensive Medical Plan

2.1.4. American Electric Power System Long-Term Disability Plan

2.1.5. American Electric Power System Comprehensive Dental Plan

2.1.6. American Electric Power System Life & Accident Insurance Plan

2.1.7. American Electric Power Company, Inc. Long-Term Care Plan

2.1.8. American Electric Power System Pre-Tax Medical Contribution Plan

2.1.9. Hyatt Group Legal Plan

2.1.10. American Electric Power System Educational Assistance Plan

2.1.11. American Electric Power System Severance Plan

2.1.12. American Electric Power System Health Care Spending Account Plan

2.1.13. American Electric Power System Dependent Care Spending Account Plan

2.1.14. American Electric Power System Vision Insurance Plan

2.1.15. AEP Houston Pipe Line Company, LP 2004 Incentive Compensation Plan

2.1.16. American Electric Power System Excess Benefit Plan

2.1.17. American Electric Power System Supplemental Retirement Savings Plan

2.1.18. American Electric Power System Incentive Compensation Deferral Plan

2.1.19. American Electric Power System 2000 Long-Term Incentive Plan, and related Stock Option and Performance Share and other award agreements issued thereunder

2.2. Exceptions to Representations and Warranties.

2.2.1. IRS Determination Letters

(a) The American Electric Power System Retirement Savings Plan received an IRS determination letter, dated November 13, 1996. The IRS has since issued a determination letter dated August 20, 2004 for that plan, that letter refers to incorrect dates for amendments on the face of the letter and fails to (A) acknowledge the amendments to which the IRS and AEP agreed in letters dated July 25, 2003 and September 4, 2003 and (B) include an ESOP ruling on 4975(e)(7) requested via Form 5309. We expect that a corrected determination letter will be issued in due course for the plan.

(b) The American Electric Power System Retirement Plan has received an IRS determination letter dated April 26, 1996. The plan has been amended subsequent to the issuance of that determination letter. There is currently pending an application for a determination letter for the plan that would address changes made with respect to those matters for which the IRS is issuing such letters. We expect that a determination letter will be issued in due course for the plan.

2.2.2. Pending or Threatened Employee Benefit Plans Litigation

(a) Bridges v. American Electric Power, Suhayda v. American Electric Power Company, Inc. et al.; and Plentl v. American Electric Power – These are lawsuits that have been consolidated and are currently pending against AEP, certain AEP executives and AEP's ERISA Plan Administrator in federal District Court in Columbus, Ohio, alleging violations of the Employee Retirement Income Security Act in the selection of AEP stock as a investment alternative and in the allocation of assets to AEP stock. The plaintiffs are seeking recovery of an unstated amount of compensatory damages, attorney fees and costs. AEP intends to vigorously defend against these actions.

2.2.3. Pending or Threatened Employee Benefit Plan Claims

(a) None.

2.2.4. Withdrawal Liability/Funding Deficiency Liability

(a) None.

2.2.5. Reference is made to item 9 on Schedule 5.2.

2.2.6. Reference is made to Item 23 in Section 1.2 of Schedule 3.13.

2.2.7. Sellers make no representation as to the compliance of any of the nonqualified deferred compensation plans listed in this Schedule 3.17 with the requirements of Section 409A of the Internal Revenue Code, to the extent applicable.

SCHEDULE 3.18

Environmental Matters

1. DISCLOSED ENVIRONMENTAL MATTERS

Any and all violations or alleged violations of Applicable Law, and any and all notices received, with respect to any of the following matters:

Retained AEP Projects

Magnolia City Gas Plant Site	See Item 1.2 on Schedule 3.13.
Tuleta Gas Plant Site	See Item 1.2 on Schedule 3.13.

Active HPL Projects

Project Name	Comments
Daggs #1 Dehydration Site	Groundwater contamination. Currently monitoring natural attenuation.
Daggs #2 Dehydration Site	Groundwater contamination. Currently monitoring natural attenuation. Installed simple product recovery system.
Franks #1 Dehydration Site	Groundwater contamination. Currently monitoring natural attenuation.
Yougeen Dehydrator Site	Groundwater contamination. Currently monitoring natural attenuation.
P. H. Robinson Power Plant Separation Site	Past remediation appear to be sufficient for No Further Action (NFA). Additional sampling is likely to confirm the basis for NFA.
Panther Point Dehydrator Site	Groundwater contamination. Currently monitoring natural attenuation.
Point Comfort 12” Pipeline Leak site	Groundwater contamination. Currently monitoring natural attenuation.
Triton Dehydrator Site	Groundwater contamination. Currently monitoring natural attenuation.
Fingers Farm Dehydrator Site	Groundwater contamination. Currently monitoring natural attenuation.
Smith Production Site	Groundwater contamination. Currently monitoring natural attenuation. Periodically manually removing phase separated hydrocarbon from one well.
Conoco Headquarters Dehydration Site	Groundwater contamination. Operating simple groundwater aeration system. Monitoring groundwater quality.

Active Projects Assumed or to be Assumed by Other Operators

San Patricio Dehydration Site	Aurora Resources has accepted liability for this site and relieved HPL Company LP of any liability. Aurora will work with the RRC to complete the remediation.
Las Tiendas Dehydration Site	Groundwater contamination. Currently monitoring natural attenuation.[4]

Previously Identified Sites/Projects

Nacogdoches Compressor Site	Sold by Enron Field Services Corp to Pinnacle Natural Gas Company effective September 28, 1999.
Three Rivers Gas Plant Site	
Lehman Dehydrator Site	
Texaco/Kaiser Francis Compressor Site	Site leased to this third party operator.
McMullen Gas Plant Site	
Tilden Compressor Site	

Remediated or Closed Matters

Woodville Fire Site	Fire resulted in hydrocarbon spill contaminating soil. Site remediated.
Mercury Meter Evaluation, Remediation	In early 1990's, HPL Company LP evaluated all meter sites where mercury-containing meters could have been used. Sites with contamination remediated.
Victoria Gas Plant	Site closed, No Further Action Letter issued by RRC.
Odem Compressor Station	Site closed, No Further Action Letter issued by RRC.
Texana Field Site	Site closed, No Further Action Letter issued by RRC.
Six Pigs Site	Hydrocarbon leak remediated.
Mykawa 18" Pipeline Leak	Hydrocarbon leak remediated.
Mission Valley Compressor Station	Site closed, No Further Action Letter issued by RRC.
DuBose Gas Plant Site	Site closed, No Further Action Letter issued by RRC.
Jackalope Gas Plant Site	Hydrocarbon leak remediated.
Bammel Gas Plant Site	HPL Company LP submitted closure documentation to RRC in 10-31-96. RRC has yet to respond.
Robstown Gas Plant Site	HPL Company LP has submitted closure documentation to RRC. RRC has yet to respond.
Hughes & Hughes (Dougherty) Dehydration Site	HPL Company LP notified RRC of potential groundwater contamination at the site. Awaiting RRC response.
A/S – Mt. Belvieu	Enterprise Products is operator and was responsible for cleanup and remediation of pipeline leak resulting in soil contamination.
Ship Channel Loop Line Fluid (Account 3026)	Unidentified liquid found in pipeline right-of-way. Attempted to identify liquid and source. Liquid had high pH, but otherwise non-hazardous. Unable to identify liquid or source. Did determine that liquid was not damaging the pipeline.

[4] Currently in the process of being assumed by third party.

2. ENVIRONMENTAL PERMITS

Facility	Permit Type	Permit Number	Comments
AIR PERMITS			
Bammel	Title V	O-00117	Facility (Site) Permit
	PSD	TSD-TX-313-M1	South Dehys. & West Dehy.
	NSR	8345	South Dehys. & West Dehy.
	PBR	106.263	Maintenance, Startup & Shut down
	PBR	106.351	Saltwater Disposal
	PBR	106.352	Oil & Gas
	PBR	106.472	Storage Tanks
	Standard Exemption	SE-005	Emergency Generator
Lehman	Standard Permit	116.620 (Reg # 52175)	Oil & Gas
	PBR (engine only)	106.512 (Reg # 48066)	Compressor Engine
Jackalope Plant	PBR	106.352 (Reg # 45347)	Oil & Gas
	PBR	106.512 (Reg # 45347)	Engines
	PBR	106.511(Reg # 45347)	Stand-by Engines (Generator)
Dinn Plant	PBR	106.352	Oil & Gas
		106.512	Engines
Vidor	PBR	106.352 (Reg. # 73595)	Oil & Gas
	PBR	106.512 (Reg. # 73595)	Comp. Engines
Three Rivers	GOP (Title V)	O-00208	Cancelled
	Standard Permit	116.620 (Reg#37568)	Oil and Gas

	Standard Permit Standard Exemption	116.620 (Reg#39434) SE-006	Oil and Gas Compressor Engines
All other Facilities	PBR	Various	Confirmed status in 2004
WATER DISCHARGE			
All facilities	PBR		
Waste			
Facility	One-time waste gen.		As needed

PBR = Permit by Rule
PSD = Prevention of Significant Deterioration
NSR = New Source Review

Additionally, the HPL Companies hold Permits by Rule for specific small pipeline field facilities (dehydrators, tanks, etc.) such as 106.352 for Oil and Gas Operations including Pipeline Facilities.

SCHEDULE 3.19

Regulatory Matters

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. The HPL Entities do make sales for resale under the blanket marketing certificate of limited jurisdiction issued by FERC under 18 C.F.R. Part 284, Subpart L.

1.2. Transportation of gas in interstate commerce is conducted by HPL Company LP pursuant to the safe harbors provided by Section 311(a)(ii) of the Natural Gas Policy Act of 1978, as amended, and Section 284.227 of FERC's regulations.

SCHEDULE 3.20

Affiliate Transactions of the HPL Companies

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. The HPL Entities currently occupy approximately 49,000 square feet of leased office space in downtown Houston on the 11th and 12th floors of 1201 Louisiana Street. The sublease for the 12th floor has been assigned to HPL Company LP, effective January 24, 2005. The lease for the 11th floor has been assigned to HPL Company LP, to be effective 30 days after notice was delivered to the landlord (which occurred on January 25, 2005) pursuant to the terms of the lease, unless such landlord agrees to an earlier effective date. Until such time HPL Company LP will continue to occupy such space under the Transition Services Agreement.

1.2. American Electric Power Company, Inc. has guaranteed the obligations of AEP Energy Services, Inc. as sublessee under its sublease of the 12th floor of 1201 Louisiana, Houston, Texas. The guaranty unconditionally guarantees the payment of rent, additional rental, and all other payments to be made under the sublease and the full performance and observance of all the other terms, covenants, conditions, and agreements of sublessee contained in the sublease. This guaranty will be terminated after the Closing Date.

1.3. The HPL Entities currently occupy office space in the following cities: Corpus Christi, TX, Longview, TX, Freer, TX, and Falfurrias, TX. The owners of such office space are all AEP Affiliates. The HPL Entities have an informal use arrangement with such AEP Affiliates for the Corpus Christi, Longview, Freer, and Falfurrias space. The use of this space post-Closing will be covered by the Transition Services Agreement.

1.4. HPL Company LP currently leases certain office space in Victoria, Texas to American Electric Power Service Corporation for use by one of its employees. The lease was effective on July 1, 2004 for a one-year term, continuing from year to year thereafter until terminated (a) by HPL Company LP by providing at least 30 days' prior written notice to American Electric Power Service Corporation or (b) by American Electric Power Service Corporation by providing at least 7 day's prior notice to HPL Company LP. The lease required a prepayment of rent of $1,184 for the entire one-year initial term.

1.5. The HPL Entities currently use office furniture in Corpus Christi, TX and Robstown, TX that is owned by an AEP Affiliate. The disposition of this furniture will be covered by the Transition Services Agreement.

1.6. AEP Account # 10250 being a contract between AEP Retail Energy and HPL Reliant Compression (HPL Company LP) covering the provision of electric service (Centerpont Meter # 951512) at HPL Company LP's Bammel facility located at 15011 Kuykendahl, Houston, Texas (ESID 10089010001532700121 00); such electric service being provided on a month to month basis terminable by either party upon not less than 30 days prior written notice to the other party.

Reference is made to item 1.1 on Schedule 5.4.

SCHEDULE 3.21

Finders and Brokers

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 3.22

Bankruptcy

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

None.

SCHEDULE 3.23

Sufficiency of Assets

1. EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

1.1. The Retained Marks and associated goodwill; and

1.2. Rights to the cushion gas which are the subject of the Cushion Gas Litigation, to the extent such rights are affected by the Cushion Gas Litigation.

SCHEDULE 5.2

Retained Matters

Description of Retained Matter	HPL Entities' Liability	Responsibility for Prosecution, Defense, and Settlement
1. Intentionally blank		
2. Intentionally blank		
3. Intentionally blank		
4. Intentionally blank		
5. Environmental Claims other than those listed on Schedule 3.18, provided that Sellers are given written notice of such Environmental Claims before the first anniversary of the Closing Date describing, for each such Environmental Claim, the nature of the claim, the theory of liability or the nature of the relief sought and the material factual assertions upon which the claim is based	100% up to $2,000,000 after insurance proceeds Next $5,000,000 after insurance proceeds: 50%, subject to Sellers' Cap Next $5,000,000 after insurance proceeds: 33 2/3%, subject to Sellers' Cap Any additional liability after insurance proceeds: 0%, subject to Sellers' Cap The above limits apply in aggregate to all Damages for all Environmental Claims other than those listed on Schedule 3.18	Buyer, except to the extent that a claim has been made under Section 6.2 of the Agreement, in which case the provisions of that Section 6.2 shall control
6. Intentionally blank		
7. Docket Number IN02-10-001 before the FERC and Docket Number 2:03-cv-891 before the Commodity Futures Trading Commission	0%	Sellers
8. Intentionally blank		
9. Benefits earned before Closing under the non-qualified deferred compensation plans as defined in Section 3121(v)(2) of the Internal Revenue Code	0%	Sellers

10.	Those claims by and between HPL Company LP (as successor in interest to Houston Pipe Line Company) and Enron Corp. (“Enron”) and HPL Company LP and various individual affiliates of Enron (“Enron Affiliates”) arising out of certain transactions which currently are the subject of proceedings in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) and are more fully described in Proofs of Claim filed by HPL Company LP against Enron and various Enron Affiliates in the Bankruptcy Court on October 15, 2002 (Proof of Claim No. 13805 in In re: Enron Gas Liquids, Inc., Case No. 01-16048 (AJG); Proof of Claim No. 13806 in In re: Enron Methanol Company, Case No. 02-11239 (AJG); Proof of Claim No. 13807 in In re: Enron North America Corp., Case No. 01-16035 (AJG) and Proof of Claim No. 13808 filed by the HPL in In re: Enron Corp., Case No. 01-16034 (AJG).	0%	Sellers
11.	Those items listed under item 1.2 of Schedule 3.13	0%	Sellers
12.	Item 2.2.2 on Schedule 3.17	0%	

SCHEDULE 5.4

Intercompany Transactions

1.1. The following intercompany transactions will not be terminated as of Closing or as of the Valuation Time:

Tradeblotter Ref	Trade Date	Purchase/Sale	Begin Date	End Date	Payment Date	Volume	Contract Price
JAP01824	10/11/04	HPL Company LP Sale	3/1/05	3/31/05	4/25/05	(155,000)	IF_TRANSCO_Z1
JAP01824	10/11/04	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(140,000)	IF_TRANSCO_Z1
DWR04649	1/20/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(140,000)	IF_TETCO_WEST_LA
EWV29147	1/26/05	Gas Marketing Purch	2/1/05	2/28/05	3/25/05	10,780	GD_KATY
JAP01755	9/22/04	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(155,204)	Last Day NYMEX less $0.30 per MMBtu
JAP01755	9/22/04	HPL Company LP Sale	3/1/05	3/31/05	4/25/05	(171,833)	Last Day NYMEX less $0.30 per MMBtu
EWV29057	1/24/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(36,400)	IF_TGP_TX_Z0
DWR04647	1/20/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(308,000)	IF_TETCO_WEST_LA
DWR04636	1/19/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(140,000)	IF_TETCO_WEST_LA
CAC06488	10/21/04	Gas Marketing Purch	2/1/05	2/28/05	3/25/05	560,000	IF_HSC
CAC06488	10/21/04	Gas Marketing Purch	3/1/05	3/31/05	4/25/05	620,000	IF_HSC
CAC06481	10/14/04	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(600,796)	IF_TGP_TX_Z0
CAC06481	10/14/04	HPL Company LP Sale	3/1/05	3/31/05	4/25/05	(665,167)	IF_TGP_TX_Z0
JAP02249	1/24/05	Gas Marketing Purch	2/1/05	2/28/05	3/25/05	280,000	IF_TETCO_STX
EWV29139	1/25/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(280,000)	Last Day NYMEX less $0.535 per MMBtu
JSH37796	1/24/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(560,000)	Last Day NYMEX less $0.14 per MMBtu
DWR04710	1/26/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(280,000)	Last Day NYMEX less $0.14 per MMBtu
JAP02252	1/25/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(280,000)	Last Day NYMEX less $0.135 per MMBtu
GHH31525	1/25/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(420,000)	GD_HSC
JAP01821	10/11/04	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(126,000)	IF_TRANSCO_Z1
JAP01821	10/11/04	HPL Company LP Sale	3/1/05	3/31/05	4/25/05	(139,500)	IF_TRANSCO_Z1
EWV29060	1/24/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(2,156)	IF_TGP_TX_Z0
GHH31528	1/25/05	Gas Marketing Purch	2/1/05	2/28/05	3/25/05	140,000	IF_HSC
EWV29134	1/25/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(140,000)	Last Day NYMEX less $0.54 per MMBtu
EWV29145	1/26/05	HPL Company LP Sale	2/1/05	2/28/05	3/25/05	(10,920)	GD_KATY

Any financial transactions between AEP Energy Services, Inc. and the HPL Companies that are hedges of physical gas inventory shall be terminated as of Closing.

1.2. Reference is made to items 1.1, 1.2, 1.3, 1.4, and 1.5 on Schedule 3.20.

SCHEDULE 5.5

Terminating Insurance Coverages

The insurance policies identified in Sections 1.2, 1.3, 1.4, 1.5, 1.6 and 1.7 of Schedule 3.12 (Insurance Maintained by the HPL Companies).

SCHEDULE 5.6

Credit Support Arrangements

1. SURETY BONDS

TYPE OF BOND	ENTITY - PRINCIPAL	BOND #	OBLIGEE	EFF DATE	END DATE	AMOUNT	SURETY
License & Permit	AEP Houston Pipe Line Company, LLC	103912479	Railroad Commission of TX	2/21/2004	7/31/2005	$ 25,000	Travelers
Right of Way	Houston Pipe Line Company	13650401	Fort Bend County	5/19/2004	5/19/2005	$ 2,000	St. Paul
Right of Way	Houston Pipe Line Company LP	14022558	Harris County	5/9/2004	5/9/2005	$ 400,000	Liberty
License & Permit	Houston Pipe Line Company LP	103912485	City of Texas, Texas	5/23/2004	5/23/2005	$ 75,000	Travelers
Court	Houston Pipe Line Company LP	14024444	Hockley-290 J.V., ET AL	9/10/2004	9/10/2005	$ 35,499	Liberty
Court	Houston Pipe Line Company LP	14024445/81563583	Hockley-290 J.V., ET AL	9/10/2004	9/10/2005	$ 35,499	Liberty
Court	Houston Pipeline Company	14017934	La Mesa Land and Cattle	7/17/2004	7/17/2005	$ —	Liberty
Court	Houston Pipeline Company	14017935	La Mesa Land and Cattle	7/17/2004	7/17/2005	$ 44,000	Liberty
Court	Houston Pipeline Company	400KG9663	Kinney Fitzgerald, Luke Durdi	7/12/2004	7/12/2005	$ 10,170	St. Paul
License & Permit	Houston Pipeline Company	81543536	Railroad Commission of Texas	9/30/2004	9/30/2005	$ 50,000	Federal
License & Permit	Houston Pipeline Company	14018220	County of Hardin, Texas	6/1/2004	6/1/2005	$ 10,000	Liberty
License & Permit	Houston Pipeline Company	14018221	U.S. Department of the	6/1/2004	6/1/2005	$ 100,000	Liberty
License & Permit	Houston Pipeline Company	14018222	County of Jefferson, State	6/1/2004	6/1/2005	$ 10,000	Liberty
License & Permit	Houston Pipeline Company	14018223	County of Galveston, Texas	6/1/2004	6/1/2005	$ 10,000	Liberty
Performance	HPL Resources Company, LP	14022516	Railroad Commission of Texas	1/14/2004	6/30/2005	$ 25,000	Liberty

HPL (BU 240) WORKERS COMP BOND*

HPL Holdings, Inc., HPL Resources Co., AEP Houston Pipeline Company, LLC, Mid-Texas Pipeline Co. (50% to 240), AEP Gas Marketing LP

* HPL is part of the Self-Insured Workers' Comp program in Texas and the HPL employees are covered under an AEP Corporate WC Bond in Texas

2. AEP PARENT GUARANTEES

Recipients	*Beneficiaries*	*Products*	*Effective Date*	*Expiry Date*	*Status*	*Guarantee Limit*
Adams Resources Marketing, Ltd.	HPL Company LP	Gas Physical	Jun 16 2004	Jun 30 2005	Active	3,000,000.00
Anadarko Energy Services Company	HPL Company LP	Gas Physical	Mar 24 2004	Mar 31 2005	Active	20,000,000.00
Apache Corporation	HPL Company LP	Gas Physical	Aug 6 2004	Jul 31 2005	Active	5,000,000.00
BP Energy Company	HPL Company LP	Gas Physical	May 29 2002	Jun 30 2005	Active	10,000,000.00
ChevronTexaco Natural Gas, a Division of Chevron U.S.A. Inc.	HPL Company LP	Gas Physical	May 27 2004	May 31 2006	Active	10,000,000.00
Cross Timbers Energy Services, Inc., XTO Energy, Inc.	HPL Company LP	Gas Physical	Jun 10 2004	May 31 2005	Active	20,000,000.00
Devon Canada Corporation , Devon Energy Production Company, L.P., Devon Gas Services, L.P., Devon Louisiana Corporation, Devon SFS Operating, Inc.	HPL Company LP	Gas Physical	Apr 5 2002	Jun 30 2005	Active	45,000,000.00
Duke Energy Field Services Marketing, LP	HPL Company LP	Gas Physical	May 3 2004	Apr 30 2005	Active	35,000,000.00
EAP Energy Services, LP	HPL Company LP	Gas Physical	Nov 13 2003	Jun 30 2005	Active	3,000,000.00
El Paso Marketing, L.P.	HPL Company LP	Gas Financial, Gas Physical	Apr 27 2001	Jul 31 2005	Active	40,000,000.00
Enbridge Marketing (U.S.) L.P.	HPL Company LP	Gas Physical	Apr 2 2003	Jun 30 2005	Active	12,000,000.00
Enogex Inc., OGE Energy Resources, Inc.	HPL Company LP	Gas Physical	Jul 12 2004	Jul 31 2005	Active	3,000,000.00
EOG Resources, Inc.	HPL Company LP	Gas Physical	Oct 22 2004	Oct 31 2005	Active	20,000,000.00
ETC Marketing, Ltd.	HPL Company LP	Gas Financial, Gas Physical	Jan 8 2002	Mar 31 2005	Active	50,000,000.00
ExxonMobil Gas & Power Marketing Company, a division of Exxon Mobil Corporation	HPL Company LP	Gas Financial, Gas Physical	Oct 28 2004	Oct 31 2005	Active	8,000,000.00
ExxonMobil Oil Corporation	HPL Company LP	Gas Physical	Dec 1 2000	Dec 31 2049	Active	5,000,000.00
Florida Gas Transmission Company	Gas Marketing	Gas Physical, Regulated Transmission	Nov 1 2004	Oct 31 2005	Active	300,000.00
GMT Energy Corp.	HPL Company LP	Gas Physical	Apr 19 2004	Apr 30 2005	Active	2,000,000.00
Louis Dreyfus Corporation	HPL Company LP	Gas Financial, Gas Physical	Nov 15 2004	Nov 30 2005	Active	5,000,000.00
Moss Bluff Hub Partners, L.P., Texas Eastern Transmission, LP	HPL Company LP	Gas Physical, Regulated Transmission	Oct 8 2004	Oct 31 2005	Active	200,000.00
Northern Natural Gas Company	Gas Marketing	Gas Physical, Regulated Transmission	Jan 3 2005	Dec 31 2005	Active	110,000.00
ONEOK Energy Services Company, L.P.	HPL Company LP	Gas Physical	Aug 23 2004	Aug 31 2005	Active	5,000,000.00
ONEOK Texas Energy Resources, L.P.	HPL Company LP	Gas Physical	Apr 16 2004	Apr 30 2005	Active	12,000,000.00
Phoenix Hydrocarbons Operating Corp.	HPL Company LP	Gas Physical	Nov 17 2004	Nov 30 2005	Active	4,000,000.00
Pioneer Natural Resources USA, Inc.	HPL Company LP	Gas Physical	Nov 17 2004	Nov 30 2005	Active	10,500,000.00
PPM Energy, Inc.	HPL Company LP	Gas Financial, Gas Physical	Jun 17 2004	Jun 30 2005	Active	10,000,000.00
Prize Energy Resources LP	HPL Company LP	Gas Physical	Aug 18 2004	Aug 31 2005	Active	7,000,000.00
Richardson Energy Marketing, LTD.	HPL Company LP	Gas Physical	Jun 1 2004	Sep 30 2005	Active	2,000,000.00

Samson Lone Star Limited Partnership	HPL Company LP	Gas Physical	Sep 12 2002	Sep 30 2005	Active	12,000,000.00
Tennessee Gas Pipeline Company	Gas Marketing	Gas Physical	Jun 30 2004	Jun 30 2005	Active	150,000.00
Total Gas & Power North America, Inc.	HPL Company LP	Gas Physical	Oct 5 2001	Mar 31 2005	Active	15,000,000.00
TXU Portfolio Management Company LP	Gas Marketing	Gas Financial, Gas Physical	Feb 27 2001	Mar 1 2005	Active	20,000,000.00
U.S. Minerals Management Service	Gas Marketing, HPL Company LP	Gas Physical	Oct 24 2002	Nov 30 2005	Active	18,000,000.00
Vitol S.A., Inc.	HPL Company LP	Gas Physical	Sep 23 2004	Sep 30 2005	Active	20,000,000.00
Walter Oil & Gas Corporation	HPL Company LP	Gas Physical	Aug 26 2004	Aug 31 2005	Active	2,000,000.00
Western Gas Resources, Inc.	HPL Company LP	Gas Financial, Gas Physical	Oct 6 2004	Oct 31 2005	Active	500,000.00
Atmos Energy Marketing, LLC	HPL Company LP	Gas Financial, Gas Physical	Oct 31 2002	Jun 30 2003	Expired	500,000.00
CenterPoint Energy Gas Services, Inc.	HPL Company LP	Gas Financial, Gas Physical	Apr 9 2002	Mar 31 2003	Terminated	25,000,000.00
Cinergy Marketing & Trading, LP	HPL Company LP	Gas Physical	Jul 17 2002	Jul 17 2004	Expired	2,000,000.00
Crosstex CCNG Marketing Ltd., Crosstex Gulf Coast Marketing, Ltd.	HPL Company LP	Gas Physical	Jun 10 2004	Sep 30 2004	Expired	10,000,000.00
Dominion Exploration & Production, Inc., Dominion Oklahoma Texas Exploration & Production, Inc.	HPL Company LP	Gas Physical	Nov 26 2002	Nov 30 2003	Terminated	26,000,000.00
Dominion Exploration & Production, Inc., Newfield Exploration Company, Pioneer Natural Resources USA, Inc., Spinnaker Exploration Company, L.L.C., The Houston Exploration Company	HPL Company LP	Gas Physical	Jun 21 2002	Mar 18 2003	Expired	35,000,000.00
Dynegy Marketing & Trade	HPL Company LP	Gas Physical	Apr 16 2002	Apr 16 2003	Expired	5,000,000.00
El Paso Industrial Energy, LP	HPL Company LP	Gas Physical	Aug 11 1998	Dec 31 2049	Terminated	7,500,000.00
Texas Eastern Transmission, LP	HPL Company LP	Regulated Transmission	Aug 27 2002	May 31 2003	Expired	600,000.00

3. SUBLEASE GUARANTY

American Electric Power Company, Inc. has guaranteed the obligations of AEP Energy Services, Inc. as sublessee under its sublease of the 12th floor of 1201 Louisiana, Houston, Texas. The guaranty unconditionally guarantees the payment of rent, additional rental, and all other payments to be made under the sublease and the full performance and observance of all the other terms, covenants, conditions, and agreements of sublessee contained in the sublease. This guaranty will be terminated after the Closing Date.

SCHEDULE FOR EXHIBIT 1.1-51

Sellers' Knowledge Group

Ronald A. Erd

Edward D. Gottlob

Jim Deidiker

Stephen Schneider

James McKay

Mike Kelley

Sandi Braband

Exhibit 10.3

REDEMPTION AGREEMENT

by and between

ENERGY TRANSFER PARTNERS, L.P.

and

CCE HOLDINGS, LLC

Dated as of

September 14, 2006

TABLE OF CONTENTS

EXHIBITS

REDEMPTION AGREEMENT

This REDEMPTION AGREEMENT, dated as of September 14, 2006 (this "**Agreement**"), is made and entered into by and between Energy Transfer Partners, L.P., a Delaware limited partnership ("**ETP**"), and CCE Holdings, LLC, a Delaware limited liability company ("**CCE**").

W I T N E S S E T H:

WHEREAS, CCE, through its subsidiaries, owns and operates a network of natural gas pipelines and is engaged in the business of the interstate transportation of natural gas;

WHEREAS, an indirect Subsidiary of CCE owns all of the issued and outstanding membership interests of Transwestern Pipeline Company, LLC, a Delaware limited liability company ("**TPC**");

WHEREAS, EFS-PA, LLC, a Delaware limited liability company, CDPQ Investments (U.S.) Inc., a Delaware corporation, Lake Bluff Inc., a Delaware corporation, Merrill Lynch Ventures, L.P. 2001, a Delaware limited partnership, and Kings Road Holdings I LLC, a Delaware limited liability company (collectively, the "**Other CCE Owners**") own Class B membership interests in CCE that collectively represent 50% of the outstanding membership interests in CCE (the "**50% CCE Interest**");

WHEREAS, concurrently with the execution and delivery of this Agreement, ETP has entered into a Purchase and Sale Agreement, dated as of September 14, 2006, with the Other CCE Owners pursuant to which ETP has agreed, subject to the terms and conditions thereof, to purchase the 50% CCE Interest from the Other CCE Owners (the "**CCE Acquisition Agreement**");

WHEREAS, subject to the terms and conditions of this Agreement, CCE desires to redeem the 50% CCE Interest that ETP proposes to acquire pursuant to the CCE Acquisition Agreement by transferring to ETP all of the membership interests in TPC (the "**TPC Interests**") as a redemption payment;

WHEREAS, in connection with CCE's redemption of the 50% CCE Interest to be owned by ETP, CCE intends to cause (i) CrossCountry Energy, LLC, a Delaware limited liability company that is wholly-owned by CCE ("**CC Energy**"), or one of its affiliates, to borrow from lenders that are not Affiliates of CCE an amount sufficient to enable CC Energy or such affiliate, after paying expenses related to the incurrence of such debt, to contribute to TW Holdings an amount necessary to repay all of the outstanding TW Holdings Debt (the "**TW Debt Payoff Amount**") plus the Cash Redemption Amount (as defined in Section 1.1 hereof) (the "**CC Energy Debt Proceeds Amount**"), (ii) CC Energy to contribute the TW Debt Payoff Amount to Transwestern Holding Company, LLC, a Delaware limited liability company that is wholly-owned by CC Energy ("**TW Holdings**"), and (iii) cause TW Holdings to repay all of its existing debt, in each case prior to the redemption of the 50% CCE Interest, described in the preceding recital;

WHEREAS, each of the Boards of Directors or other governing body of each of CCE and ETP has approved, and deems it advisable and in the best interests of their respective shareholders, partners and members to consummate the transactions contemplated by, this Agreement upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, for and in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, CCE and ETP, intending to be legally bound hereby, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Specific Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

"**Action**" shall mean any administrative, regulatory, judicial or other formal proceeding, action, Claim, suit, investigation or inquiry by or before any Governmental Authority, arbitrator or mediator.

"**Adjustment Amount**" shall mean $14,400,000.

"**Affected Employees**" shall mean the TPC Employees on the Closing Date, including Transferring Shared Service Employees who become TPC Employees on the date immediately prior to the Closing Date pursuant to the provisions of Section 5.5(g).

"**Affiliate**" shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

"**Agreement**" shall mean this Redemption Agreement, together with the CCE Disclosure Letter and the Exhibits hereto, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

"**Applicable Law**" shall mean any statute, law, ordinance, executive order, rule or regulation (including a regulation that has been formally promulgated in a rule-making proceeding but, pending final adoption, is in proposed or temporary form having the force of law); guideline or notice having the force of law; or approval, permit, license, franchise, judgment, order, decree, injunction or writ of any Governmental Authority applicable to a specified Person or specified property, as in effect from time to time.

"**Auditor**" shall have the meaning set forth in Section 2.4(b).

"**Base Compensation**" shall have the meaning set forth in Section 5.5(f).

"**Base Debt Amount**" shall mean $520,000,000.

"**Base Pro Forma Net Working Capital Amount**" shall mean zero dollars.

"**Benefit Programs or Agreements**" shall have the meaning set forth in Section 3.12(b).

"**Burdensome Condition**" shall have the meaning set forth in Section 5.3(b).

"**Business Day**" shall mean a day other than a Saturday, Sunday or other day on which banks located in New York City are authorized or required by law to close.

"**Cap Amount**" shall have the meaning set forth in Section 8.2(d).

"**Cash Flow**" shall have the meaning set forth in the Second Amended and Restated LLC Agreement, calculated without duplication on a combined basis for CCE and its Subsidiaries.

"**Cash Redemption Amount**" shall have the meaning set forth in Section 2.3(d)(iv) hereof.

"**Casualty Insurance Claims**" shall have the meaning set forth in Section 5.9(a).

"**CC Energy**" shall have the meaning set forth in the Recitals to this Agreement.

"**CC Energy Debt Proceeds Amount**" shall have the meaning set forth in the Recitals to this Agreement.

"**CCE**" shall have the meaning set forth in the Recitals to this Agreement.

"**CCEA LLC**" shall mean CCE Acquisition LLC, a Delaware limited liability company.

"**CCEA Corp.**" shall mean CCEA Corp., a Delaware corporation.

"**CCE Acquisition**" shall mean the acquisition of the 50% CCE Interest from the Other CCE Owners pursuant to the terms and conditions of the CCE Acquisition Agreement.

"**CCE Acquisition Agreement**" shall have the meaning set forth in the Recitals to this Agreement.

"**CCE Adjustment**" shall have the meaning set forth in Section 2.4(c).

"**CCE Annual Financial Statements**" shall mean the audited balance sheets at December 31, 2004 and 2005 and the statements of income, statements of members' equity and statements of cash flow of CCE for the years ended December 31, 2004 and 2005.

"**CCE Cash Flow Amount**" shall mean the amount of Cash Flow of CCE for the period from the date of the CCE Acquisition until the Closing Date (for purposes of this definition of CCE Cash Flow Amount, the CCE Cash Flow Amount shall be deemed to include without duplication the amount of Citrus Corp. cash dividends paid after the Closing Date but relating to any portion of the period from the date of the CCE Acquisition until the Closing Date; provided, however, that if no dividends are paid by Citrus Corp. relating to such period, then the CCE Cash Flow Amount shall be deemed to include without duplication 50% (i.e., CCE's share) of Citrus Corp. net income for such period).

"CCE Defined Contribution Plan" shall have the meaning set forth in Section 5.5(i).

"**CCE Disclosure Letter**" means the letter dated September 14, 2006 from CCE to ETP in the form attached as Exhibit A to this Agreement.

"CCE FAS 106 Report" shall mean the Southern Union Company Postretirement Medical and Death Benefits for CrossCountry Energy Employees Application of Statement of Financial Accounting Standards Nos. 106 and 132(R) to the Fiscal Year Ending December 31, 2005.

"**CCE Financial Statements**" means the CCE Annual Financial Statements, the CCE Six Month Interim Financial Statements, the CCE Nine Month Interim Financial Statements and the CCE 2006 Financial Statements.

"CCE Flex Plans" shall have the meaning set forth in Section 5.5(h).

"**CCE Indemnified Parties**" shall have the meaning set forth in Section 8.2(b).

"CCE Medicare Eligible SPD" shall mean the Summary Plan Description Options PPO Plan for CrossCountry Energy (Medicare Eligible Retired Employees).

"**CCE Nine Month Interim Financial Statements**" shall mean the unaudited balance sheets, statements of income, statements of members' equity and statements of cash flow for CCE as of, and for the nine months ended, September 30, 2005 and 2006.

"**CCE Six Month Interim Financial Statements**" shall mean the unaudited balance sheets, statements of income, statements of members' equity and statements of cash flow for CCE as of, and for the six months ended, June 30, 2005 and 2006.

"**CCE LLC Agreement**" means the Amended and Restated Limited Liability Company Agreement of CCE, dated as of November 5, 2004, as amended by the First Amendment thereto, dated as of December 2, 2004.

"**CCE Returns**" shall have the meaning set forth in Section 5.6(a)(i).

"**CCE Stub Period Income Statements**" means the unaudited income statements for CCE for the three months ended December 31, 2005 and for the one month periods ended December 31, 2004 and 2005.

"**CCE S-X Financial Statements**" shall mean the CCE Financial Statements, as modified pursuant to the provisions of Section 5.13(b).

"CCE Under Age 65 SPD" shall mean the Summary Plan Description Options PPO Plan for CrossCountry Energy (Retired Employees under age 65).

"**CCE 2006 Financial Statements**" shall mean the audited balance sheet, statement of income, statement of members' equity and statement of cash flow of CCE as of, and for the year ended, December 31, 2006.

"**CCES**" shall mean CrossCountry Energy Services, LLC.

"**Citrus**" shall mean CrossCountry Citrus, LLC, a Delaware limited liability company.

"**Citrus S-X Financial Statements**" shall mean the Citrus Financial Statements, as modified pursuant to the provisions of Section 5.13(b).

"**Citrus 2006 Financial Statements**" shall mean the audited balance sheet, statement of income, statement of member's equity and statement of cash flow of Citrus as of, and for the year ended, December 31, 2006.

"**Citrus Annual Financial Statements**" shall mean the audited balance sheets at December 31, 2004 and 2005 and the statements of income, statements of member's equity and statements of cash flow of Citrus for the years ended December 31, 2004 and 2005.

"**Citrus Financial Statements**" means the Citrus Annual Financial Statements, the Citrus Six Month Interim Financial Statements, the Citrus Nine Month Interim Financial Statements, and the Citrus 2006 Financial Statements.

"**Citrus Nine Month Interim Financial Statements**" shall mean the unaudited balance sheets, statements of income, statements of member's equity and statements of cash flow for Citrus as of, and for the nine months ended, September 30, 2005 and 2006.

"**Citrus Six Month Interim Financial Statements**" shall mean the unaudited balance sheets, statements of income, statements of member's equity and statements of cash flow for Citrus as of, and for the six months ended, June 30, 2005 and 2006.

"**Citrus Stub Period Income Statements**" means the unaudited income statements for Citrus for the three months ended December 31, 2005 and for the one month periods ended December 31, 2004 and 2005.

"**Claims**" shall mean any and all claims, lawsuits, demands, causes of action, investigations and other proceedings (whether or not before a Governmental Authority).

"**Closing Adjustment Amount**" shall have the meaning set forth in Section 2.3(c).

"**Closing Balance Sheet**" shall have the meaning set forth in Section 2.4(a).

"**Closing Date**" shall have the meaning set forth in Section 2.2.

"**Closing**" shall have the meaning set forth in Section 2.2.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended.

"**Confidentiality Agreement**" shall mean the confidentiality agreement entered into by and between ETP and Southern Union, dated July 25, 2006.

"**Consolidated Income Tax Return**" shall have the meaning set forth in Section 5.6(a)(ix) hereof.

"**Continuation Period**" shall have the meaning set forth in Section 5.5(f).

"**Damages**" shall mean all demands, Claims, causes of action, suits, judgments, damages, amounts paid in settlement (with the approval of the Indemnifying Party where applicable), penalties, Liabilities, losses or deficiencies, costs and expenses, including reasonable attorney's fees, court costs, expenses of arbitration or mediation, and other out-of-pocket expenses incurred in investigating or preparing the foregoing. "Damages" does not include incidental, indirect or consequential damages, damages for lost profits or other special damages or punitive or exemplary damages; provided, however, that in the case of Third-Party Claims, "Damages" shall be deemed to include all forms of relief, monetary and otherwise, asserted therein, without any of the foregoing exceptions.

"**Determination Date**" shall have the meaning set forth in Section 2.4(b).

"**Employee Benefit Plans**" shall have the meaning set forth in Section 3.12(b).

"**Encumbrances**" shall mean any Claims, Liens, conditional and installment sale agreements or other title retention agreements, activity and use limitations, easements, deed restrictions, title defects, reservations, encumbrances and charges of any kind, options, subordination agreements or adverse claim of any kind.

"Enron Inactive Medical Plan" shall mean the Enron Corp. Medical Plan for Inactive Participants.

"**Enron Plan**" shall mean any "employee benefit plan," as defined in Section 3(3) of ERISA, or any policy, plan, agreement or arrangement providing for employment terms, change in control benefits, severance benefits, retention benefits, insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, or other forms of incentive compensation, or post-retirement insurance, compensation or benefits (whether or not an ERISA plan) entered into, sponsored, maintained, or contributed to by Enron Corp. or any of its ERISA Affiliates, current or former, specifically including the Enron Corp. Cash Balance Plan (formerly the Enron Corp. Retirement Plan), the Enron Corp. Savings Plan (formerly the Enron Corp. Savings Plan and Enron Corp. Employee Stock Ownership Plan, which were merged in August 2002), the Enron Prisma Energy Savings Plan, the Portland General Electric Company Pension Plan and the Enron Inactive Medical Plan.

"**Enron VEBA**" shall mean the Enron Gas Pipelines Employee Benefit Trust, as it may be amended, which as of the date of this Agreement, is the subject of the Enron VEBA Motion.

"**Enron VEBA Motion**" shall mean the Amended and Restated Motion of Enron Corp., et al, for an Order Pursuant to Sections 105 and 363 of the Bankruptcy Code, Authorizing Termination of Employee Benefits Trust and Distribution of Trust Assets, dated June 17, 2005, as it may be amended, which motion is currently pending in the United States Bankruptcy Court for the Southern District of New York.

"**Environmental Claim**" means any claim, loss, cost, expense, liability, penalty or Damages arising, incurred or otherwise asserted pursuant to any Environmental Law.

"**Environmental Laws**" shall mean all foreign, federal, state and local laws, regulations, rules and ordinances relating to pollution or protection of human health or the environment, including laws relating to releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, groundwater, land, surface and subsurface strata).

"**Environmental Permit**" shall mean any Permit, formal exemption, identification number or other authorization issued by a Governmental Authority pursuant to an applicable Environmental Law.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**ERISA Affiliate**" shall mean, with respect to any Person, any corporation, trade, business, or entity under common control with such Person, within the meaning of Section 414(b), (c) or (m) of the Code or Section 4001 of ERISA.

"**ERISA Plans**" shall have the meaning set forth in Section 3.12(a).

"**Estimated SUG Expansion Project Expenses**" shall have the meaning set forth in Section 2.3(a).

"**ETP**" shall have the meaning set forth in the recitals to this Agreement.

"ETP 401(k) Plan" shall have the meaning set forth in Section 5.5(i).

"**ETP Adjustment**" shall have the meaning set forth in Section 2.4(c).

"**ETP Indemnified Parties**" shall have the meaning set forth in Section 8.2(a).

"**ETP Plans**" shall have the meaning set forth in Section 5.5(c).

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the Regulations promulgated thereunder.

"**Existing TPC Debt**" shall mean the existing indebtedness of TPC pursuant to (x) those certain $270,000,000 5.39% Senior Unsecured Notes due November 17, 2014 and $250,000,000 5.54% Senior Unsecured Notes due November 17, 2016 and (y) that certain $230,000,000 Amended and Restated Credit Agreement dated as of December 21, 2005 among TPC and the Lenders, Administrative Agent and Issuing Bank, Syndication Agent, Co-Documentation Agents and Arrangers parties thereto.

"**Existing TW Holdings Debt**" shall mean the existing indebtedness of TW Holdings pursuant to (x) those certain $125,000,000 5.64% Senior Unsecured Notes due November 17, 2014, and $100,000,000 5.79% Senior Unsecured Notes due November 17, 2016, and (y) that certain $230,000,000 Amended and Restated Credit Agreement among TW Holdings, CrossCountry Citrus, LLC, as guarantor, and the Lenders, Administrative Agent, Syndication Agent, Co-Documentation Agents, and Arrangers parties thereto.

"**FCC**" means the Federal Communication Commission.

"**FERC**" shall mean the Federal Energy Regulatory Commission including any individual office or department within FERC.

"**For Cause**" shall have the meaning set forth in Section 5.5(f).

"**GAAP**" shall mean United States generally accepted accounting principles as in effect from time to time, applied on a consistent basis.

"**Governmental Authority**" shall mean any executive, legislative, judicial, tribal, regulatory, taxing or administrative agency, body, commission, department, board, court, tribunal, arbitrating body or authority of the United States or any foreign country, or any state, local or other governmental subdivision thereof.

"**Hazardous Substances**" shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "hazardous constituents", "restricted hazardous materials", "extremely hazardous substances", "toxic substances", "contaminants", "pollutants", "toxic pollutants", or words of similar meaning and regulatory effect under any applicable Environmental Law.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"**Indemnified Party**" shall have the meaning set forth in Section 8.2(c).

"**Indemnifying Party**" shall have the meaning set forth in Section 8.2(c).

"**Initial Termination Date**" shall have the meaning set forth in Section 7.1(b).

"**Insurance Policies**" shall have the meaning set forth in Section 3.21(a).

"**IRS**" shall mean the Internal Revenue Service.

"**June 30 TPC Expansion Project Expenses**" shall mean $7,750,000.

"**Knowledge**" shall mean, as to CCE, the actual knowledge, after due inquiry, of the persons listed on Section 1.1(a) of the CCE Disclosure Letter, or any Person who replaces any of such listed persons between the date of this Agreement and the Closing Date.

"**Liabilities**" shall mean any and all debts, liabilities, commitments and obligations, whether or not fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto.

"**Liens**" shall mean any lien, mortgage, pledge, charge, claim, assignment by way of security or similar security interest.

"**LIBOR**" shall mean the London Interbank Offer Rate.

"**Make-Whole Amount**" shall have the meaning set forth in the TW Holdings Note Purchase Agreement.

"**Material Adverse Effect**" shall mean any change or effect that is materially adverse to the business, financial condition or assets of the business of TPC; provided, however, that Material Adverse Effect shall exclude any change or effect due to (a) the negotiation, execution, announcement and consummation of this Agreement and the transactions contemplated hereby, including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, distributors, partners, joint owners or venturers, or employees, (b) any action taken by CCE, ETP or any of their respective representatives or Affiliates or other action required or permitted by the terms of this Agreement or necessary to consummate the transactions contemplated by this Agreement, (c) the general state of the industries in which TPC operates (including (i) pricing levels, (ii) changes in the international, national, regional or local wholesale or retail markets for natural gas, (iii) changes in the North American, national, regional or local interstate natural gas pipeline systems, and (iv) rules, regulations or decisions of the FERC or the courts affecting the interstate natural gas transmission industry as a whole, or rate orders, motions, complaints or other actions affecting TPC), except, in all cases for such effects which disproportionately impact TPC, (d) general legal, regulatory, political, business, economic, capital market and financial market conditions (including prevailing interest rate levels), or conditions otherwise generally affecting the industries in which TPC operates, except, in all cases, for such effects which disproportionately impact TPC and (e) any condition set forth in the CCE Disclosure Letter (but only to the extent set forth therein).

"**Material Contract**" shall have the meaning set forth in Section 3.7(a).

"**Minimum Claim Amount**" shall have the meaning set forth in Section 8.2(d).

"**Net Working Capital Amount**" as of a particular date shall mean (a) the current assets of TPC as of such date minus (b) the current liabilities of TPC as of such date, with both current assets and current liabilities determined in accordance with GAAP, applied in a manner consistent with the preparation of the Pro Forma Adjusted Balance Sheet (subject to the exceptions from GAAP relating to the adjustments reflected on the Pro Forma Adjusted Balance Sheet).

"**NGA**" shall have the meaning set forth in Section 3.22.

"**NGPA**" shall have the meaning set forth in Section 3.22.

"**Organizational Documents**" shall mean certificates of incorporation, by-laws, certificates of formation, limited liability company operating agreements, partnership or limited partnership agreements or other formation or governing documents of a particular entity.

"**Other CCE Owners**" shall have the meaning set forth in the Recitals of this Agreement.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation.

"**PEPL**" shall mean Panhandle Eastern Pipe Line Company, LP, a Delaware limited partnership.

"**Permitted Encumbrances**" shall mean (a) zoning, planning and building codes and other applicable laws regulating the use, development and occupancy of real property and permits, consents and rules under such laws; (b) encumbrances, easements, rights-of-way, covenants, conditions, restrictions and other matters affecting title to real property (other than Liens) which do not materially detract from the value of such real property or materially restrict the use of such real property; (c) leases and subleases of real property; (d) all easements, encumbrances or other matters that are necessary for utilities and other similar services on real property; (e) Liens to secure indebtedness reflected on the TPC Financial Statements, (f) Liens to secure indebtedness incurred after the date thereof, to the extent permitted pursuant to Section 5.1(b)(xii), (g) Liens for Taxes and other governmental levies not yet due and payable or, if due, (i) not delinquent or (ii) being contested in good faith by appropriate proceedings during which collection or enforcement against the property is stayed and with respect to which adequate reserves have been established on the books of TPC and are being maintained to the extent required by GAAP, (h) mechanics', workmen's, repairmen's, materialmen's, warehousemen's, carriers' or other similar Liens, including all statutory Liens, arising or incurred in the ordinary course of business; (i) original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business, (j) Liens that do not materially interfere with or materially affect the value or use of the respective underlying asset to which such Liens relate, (k) Encumbrances that are capable of being cured through condemnation procedures under the NGA at a total cost to TPC of less than $1,000,000 and (l) Encumbrances that are reflected in any Material Contract.

"**Person**" shall mean any natural person, corporation, company, general partnership, limited partnership, limited liability partnership, joint venture, proprietorship, limited liability company, or other entity or business organization or vehicle, trust, unincorporated organization or Governmental Authority or any department or agency thereof.

"**Post-Closing Adjustment Amount**" shall have the meaning set forth in Section 2.4(a).

"**Post-Closing Taxes**" shall have the meaning set forth in Section 5.6(a)(iv).

"**Pre-Closing Taxes**" shall have the meaning set forth in Section 5.6(a)(iv).

"**Pro Forma Adjusted Balance Sheet**" shall mean the pro forma balance sheet of TPC as of June 30, 2006 derived from the TPC Interim Balance Sheet, adjusted to:

(a) reflect, among the other matters reflected in the adjustments set forth in Section 1.1(b) of the CCE Disclosure Letter, that current liabilities shall exclude short term debt and current portions of long term debt; and

(b) reflect as a reduction in cash the payment of a $22,000,000 cash distribution to the sole member of TPC to be made prior to the Closing.

The Pro Forma Adjusted Balance Sheet, reflecting the adjustments listed above, is set forth in Section 1.1(b) of the CCE Disclosure Letter.

"**Real Property**" shall have the meaning set forth in Section 3.11.

"**Regulation**" shall mean any rule or regulation of any Governmental Authority having the effect of Law or of any rule or regulation of any self-regulatory organization, such as the New York Stock Exchange.

"**Release**" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"**Rights-Of-Way**" shall have the meaning set forth in Section 3.11.

"**Sarbanes-Oxley Act**" means the Sarbanes-Oxley Act of 2002 and the Regulations promulgated thereunder.

"**SEC**" means the Securities and Exchange Commission.

"**Second Amended and Restated LLC Agreement**" shall mean that certain Second Amended and Restated Limited Liability Company Agreement of CCE, in the form attached hereto as Exhibit D to be entered into by and among ETP, CCEA LLC and CCEA Corp. as of the date of the CCE Acquisition.

"**Securities Act**" shall mean the Securities Act of 1933, as amended, and the Regulations promulgated thereunder.

"**Severance Benefits**" shall have the meaning set forth in Section 5.5(f).

"**Shared Service Employees**" shall have the meaning set forth in Section 5.5(g).

"**Southern Union**" shall mean Southern Union Company, a Delaware corporation.

"**Straddle Period**" shall have the meaning set forth in Section 5.6(a)(ii).

"**Straddle Period Return(s)**" shall have the meaning set forth in Section 5.6(a)(ii).

"**Straddle Statement**" shall have the meaning set forth in Section 5.6(a)(ii).

"**Subsidiary**" of any entity means, at any date, any Person (a) the accounts of which would be consolidated with and into those of the applicable entity in such entity's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date or (b) of which securities or other ownership interests representing more than fifty percent (50%) of the equity or more than fifty percent (50%) of the ordinary voting power or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests or more than fifty percent (50%) of the profits or losses of which are, as of such date, owned, controlled or held by the applicable entity or one or more subsidiaries of such entity.

"**SUG Expansion Project Expenses**" shall mean all expenditures incurred at any time prior to the Closing Date by Affiliates of TPC (other than TPC), including Southern Union, Valley Pipeline Company, LP and PEPL, in connection with the TPC Expansion Projects that have not been reimbursed by TPC on or prior to the Closing Date.

"**Survival Period**" shall have the meaning set forth in Section 8.1(c).

"**Tax Claim**" shall have the meaning set forth in Section 5.6(d)(i).

"**Tax Indemnified Party**" shall have the meaning set forth in Section 5.6(d)(i).

"**Tax Indemnifying Party**" shall have the meaning set forth in Section 5.6(d)(i).

"**Tax Return**" shall mean any report, return, declaration, or other information required to be supplied to a Governmental Authority in connection with Taxes including any claim for refund or amended return.

"**Taxes**" shall mean all taxes, levies or other like assessments, including net income, gross income, gross receipts, capital gains, profits, environmental, excise, value added, ad valorem, real or personal property, withholding, asset, sales, use, transfer, registration, license, payroll, transaction, capital, business, occupation, corporation, employment, withholding, wage, net worth, franchise, minimum, alternative minimum, and estimated taxes, or other governmental taxes imposed by or payable to any foreign, Federal, state or local taxing authority, whether computed on a separate, consolidated, unitary, combined or any other basis; and in each instance such term shall include any interest, penalties or additions to tax attributable to any such Tax.

"**Third-Party Claim**" shall have the meaning set forth in Section 8.4(a).

"**Threshold Amount**" shall have the meaning set forth in Section 8.2(d).

"**Total Debt**" shall mean all short-term and long-term indebtedness of TPC as reflected on its balance sheet, prepared in accordance with GAAP, of TPC as of a particular date.

"**TPC**" shall have the meaning set forth in the Recitals of this Agreement.

"**TPC 2006 Financial Statements**" shall mean the audited balance sheet, statement of income, statement of members' equity and statement of cash flow of TPC as of, and for the period ended, December 31, 2006.

"**TPC Annual Financial Statements**" shall mean the audited balance sheets at December 31, 2004 and 2005 and the statements of income, statements of members' interests and statements of cash flow for the years ended December 31, 2004 and 2005, in each case for TPC.

"**TPC Cash Flow Amount**" shall mean the amount of cash flow of TPC included in the CCE Cash Flow Amount for the period from the date of the CCE Acquisition until the Closing Date.

"**TPC Employees**" shall mean all employees employed by TPC, including employees absent due to vacation, illness or similar circumstance, workers' compensation, short-term

disability, military leave, maternity leave or paternity leave, leave under the Family and Medical Leave Act of 1993 and other approved leaves of absence from active employment. When the term "TPC Employees" is used herein in reference to a specific date, "TPC Employees" shall include the employees of TPC referenced in the preceding sentence as of such date.

"**TPC Expansion Project Expenses**" shall mean all expenditures incurred at any time prior to the Closing Date (including amounts properly accrued in accordance with GAAP and included on the Closing Balance Sheet) by TPC in connection with the TPC Expansion Projects, including reimbursed SUG Expansion Project Expenses.

"**TPC Expansion Projects**" shall mean the Phoenix and San Juan expansion projects as approved by the Executive Committee of CCE by written consent on September 14, 2006.

"**TPC Financial Statements**" shall mean the TPC Annual Financial Statements, the TPC Six Month Interim Financial Statements, the TPC Nine Month Interim Financial Statements and the TPC 2006 Financial Statements.

"**TPC Interests**" shall have the meaning set forth in the Recitals of this Agreement.

"**TPC Interests Assignment**" means the assignment of the TPC Interests in a form to be agreed to by ETP and CCE prior to the Closing Date.

"**TPC Interim Balance Sheet**" shall mean the balance sheet as of June 30, 2006 included in the TPC Six Month Interim Financial Statements.

"**TPC Marks**" shall have the meaning set forth in Section 5.12.

"**TPC Nine Month Interim Financial Statements**" shall mean the unaudited balance sheets, statements of income, statements of members' equity and statements of cash flow of TPC as of, and for the nine months ended, September 30, 2005 and 2006.

"**TPC Note Purchase Agreement**" shall mean the note purchase agreement, dated as of November 17, 2004, between TPC and the note purchasers listed therein.

"**TPC Permits**" shall have the meaning set forth in Section 3.9.

"**TPC Rate Case**" shall mean the Natural Gas Act Section 4 rate case which TPC is required to file pursuant to the terms and conditions of TPC's rate settlement in FERC Docket Nos. RP95-271, *et al*., together with any proceeding consolidated with or ancillary thereto.

"TPC Severance Plan" shall mean the Transwestern Pipeline Company Severance Pay Plan.

"**TPC S-X Financial Statements**" shall mean the TPC Financial Statements, as modified pursuant to the provisions of Section 5.13(b).

"**TPC Six Month Interim Financial Statements**" shall mean the unaudited balance sheets, statements of income, statements of members' equity and statements of cash flow of TPC as of, and for the six months ended, June 30, 2005 and 2006.

"**TPC Stub Period Income Statements**" means the unaudited income statements for TPC for the three months ended December 31, 2005 and for the one month periods ended December 31, 2004 and 2005.

"**TPC Transition Services Agreement**" shall mean a Transition Services Agreement to be agreed to by CCE, PEPL and ETP prior to the Closing Date, which shall include the terms and conditions set forth on Exhibit B to this Agreement.

"**TPC VEBA**" shall mean the Transwestern Pipeline Company, LLC VEBA to Provide for Retiree Health Care and Other Benefits.

"**Transfer Tax(es)**" shall have the meaning set forth in Section 5.6(e).

"**Transferring Shared Service Employees**" shall have the meaning set forth in Section 5.5(g).

"**Treasury Regulation**" shall mean the income Tax regulations, including temporary and proposed regulations, promulgated under the Code, as amended.

"**TW Holdings**" shall have the meaning set forth in the Recitals of this Agreement.

"**TW Holdings Note Purchase Agreement**" shall mean the Note Purchase Agreement, dated November 17, 2004, among TW Holdings and the note purchasers named therein.

"**50% CCE Interest**" shall have the meaning set forth in the Recitals of this Agreement.

"**50% CCE Interest Assignment**" means the assignment of the 50% CCE Interest in a form to be agreed to by ETP and CCE prior to the Closing Date.

ARTICLE II
REDEMPTION OF 50% CCE INTEREST

Section 2.1 Agreement to Redeem 50% CCE Interest. Subject to the terms and conditions of this Agreement, at the Closing, (i) CCE shall cause TW Holdings to convey, assign, transfer and deliver to ETP the TPC Interests, free and clear of all Encumbrances, and (ii) ETP shall convey, assign, transfer and deliver to CCE the 50% CCE Interest. At the Closing, if the Cash Redemption Amount is positive, CCE shall pay to ETP the Cash Redemption Amount by wire transfer of immediately available funds to an account designated in writing by ETP or, in the event that the Cash Redemption Amount is negative, then ETP shall pay to CCE the absolute value of the Cash Redemption Amount by wire transfer of immediately available funds to an account designated in writing by CCE.

Section 2.2 Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the transactions contemplated by

this Agreement (the "**Closing**") shall take place at the offices of Vinson & Elkins L.L.P., 1001 Fannin Street, 2300 First City Tower, Houston, Texas, at 10:00 a.m., local time, on the next Business Day that is both the first Business Day of a calendar month and at least five (5) Business Days after the date on which all of the conditions to the Closing specified in Article VI hereof (other than the deliveries specified in Section 2.5 and Section 2.6, which deliveries shall be made at the Closing) have been satisfied or waived, or at such other place or time as ETP and CCE may mutually agree in writing. The Closing shall be effective as of 12:01 a.m. The date and time at which the Closing actually occurs is hereinafter referred to as the "**Closing Date**."

Section 2.3 Pre-Closing Matters.

(a) At least three (3) Business Days prior to the Closing Date, CCE shall deliver to ETP its good faith estimate of the amount of the SUG Expansion Project Expenses (the "**Estimated SUG Expansion Project Expenses**"), together with reasonably detailed support for such estimate.

(b) CCE shall deliver to ETP its calculations of the Closing Adjustment Amount (as defined in Section 2.3(c)) within three (3) Business Days prior to the Closing Date and shall provide, upon reasonable advance notice, ETP and ETP's accountants prompt and full reasonable access during normal business hours to the personnel, accountants and books and records of CCE, to the extent reasonably related to the preparation of the Closing Adjustment Amount (and the elements of such calculation). ETP and CCE shall in good faith attempt to resolve any objections of ETP to such calculation of the Closing Adjustment Amount; if ETP and CCE are in disagreement with respect to the calculation of the Closing Adjustment Amount as of the Closing Date, the Closing Adjustment Amount delivered by CCE to ETP pursuant to this Section 2.3, as adjusted to reflect any changes to the Closing Adjustment Amount agreed to by the parties, prior to the Closing Date shall be utilized for purposes of determining the Cash Redemption Amount payable at the Closing.

(c) The "**Closing Adjustment Amount**" shall mean an amount equal to (i) the Estimated SUG Expansion Project Expenses plus (ii) 50% of the June 30 TPC Expansion Project Expenses plus (iii) 50% of the Make-Whole Amount actually paid by TW Holdings pursuant to the TW Holdings Note Purchase Agreement plus (iv) the Adjustment Amount.

(d) Prior to the Closing Date, CCE shall cause (i) CC Energy or one of its affiliates (such entity to be reasonably determined by CCE) to incur debt in an amount equal to the CC Energy Debt Proceeds Amount plus the amount necessary for the payment of expenses related to the incurrence of such debt, (ii) CC Energy to contribute to TW Holdings the CC Energy Debt Proceeds Amount, (iii) TW Holdings to repay all of the outstanding TW Holdings Debt, (iv) CC Energy to distribute to CCE an amount equal to $30,000,000 (Thirty Million Dollars) less the Closing Adjustment Amount (the difference between $30,000,000 (Thirty Million Dollars) and the Closing Adjustment Amount is referred to herein as the "**Cash Redemption Amount**"), (v) TW Holdings to distribute the TPC Interests to CC Energy, and (vi) CC Energy to distribute the TPC Interests to CCE.

Section 2.4 Post-Closing Adjustment.

(a) No later than 60 days after the Closing Date, CCE shall prepare and deliver to ETP (i) a balance sheet of TPC as of the close of business on the date immediately prior to the Closing Date (the "**Closing Balance Sheet**"), and (ii) a calculation of the "**Post-Closing Adjustment Amount**," which shall mean the amount equal to (w) 50% of the difference obtained by subtracting (A) the sum of the Base Pro Forma Net Working Capital Amount, the Total Debt as of the Closing Date, and the June 30 TPC Expansion Project Expenses from (B) the sum of the Net Working Capital Amount as of the Closing Date, as reflected on the Closing Balance Sheet, the Base Debt Amount, and the TPC Expansion Project Expenses, calculated as of the Closing Date, minus (x) 50% of the difference obtained by subtracting the TPC Cash Flow Amount from the CCE Cash Flow Amount plus (y) the SUG Expansion Project Expenses as of the Closing Date minus (z) the Estimated SUG Expansion Project Expenses, which calculation may result in an amount that is positive or negative (together with reasonable back-up information providing the basis for such balance sheet and other calculations). In order for CCE to prepare the Closing Balance Sheet and calculate the Post-Closing Adjustment Amount, ETP will provide to CCE and CCE's accountants prompt and full access to the personnel, accountants and books and records of TPC (and shall provide copies of the applicable portions of such books and records as may be reasonably requested), to the extent reasonably related to the preparation of the Closing Balance Sheet and the calculation of the Post-Closing Adjustment Amount (and the elements of such calculation). In order for ETP to review the Closing Balance Sheet and the calculation of the Post-Closing Adjustment Amount, CCE will provide to ETP and ETP's accountants prompt and full access to the personnel, accountants and books and records of CCE and its Subsidiaries used by CCE (and shall provide copies of the applicable portions of such books and records as may be reasonably requested), to the extent reasonably related to the preparation of the Closing Balance Sheet and the calculation of the Post-Closing Adjustment Amount (and the elements of such calculation). The Closing Balance Sheet and the calculation of the Post-Closing Adjustment Amount relating to TPC shall be prepared in a manner consistent with the preparation of the Pro Forma Adjusted Balance Sheet (subject to, in the case of the Closing Balance Sheet, the exceptions from GAAP relating to the adjustments reflected on the Pro Forma Adjusted Balance Sheet).

(b) Disputes. If ETP disagrees with the calculation of the Post-Closing Adjustment Amount, it shall notify CCE of such disagreement in writing within thirty (30) days after its receipt of the last item to be received by ETP pursuant to the first sentence of Section 2.4(a), which notice shall set forth in detail the particulars of such disagreement. In the event that ETP does not provide such a notice of disagreement within such thirty (30) day period, ETP shall be deemed to have accepted the Closing Balance Sheet and the calculation of the Post-Closing Adjustment Amount (and each element of such calculation) delivered by CCE, which shall be final, binding and conclusive for all purposes hereunder. In the event any such notice of disagreement is timely provided by ETP, then ETP and CCE shall use their commercially reasonable efforts for a period of thirty (30) days (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculation of the Post-Closing Adjustment Amount (or any element thereof). If, at the end of such period, they are unable to resolve such disagreements, then, upon the written request of either party, an independent accounting firm (not providing services to ETP or CCE) acceptable to ETP and CCE (the "**Auditor**") shall resolve any remaining disagreements. The Auditor shall determine as promptly

as practicable (but in any event within sixty (60) days) following the date on which such dispute is referred to the Auditor, based solely on written submissions, which shall be forwarded by ETP and CCE to the Auditor within thirty (30) days following the Auditor's selection, whether the Closing Balance Sheet was prepared in accordance with the standards set forth in this Section 2.4 with respect to any items identified as disputed in the notice of disagreement and not previously resolved by ETP and CCE, and if not, whether and to what extent (if any) the Post-Closing Adjustment Amount (or any element thereof) requires adjustment. Each party shall bear its own expenses and the fees and expenses of its own representatives and experts in connection with the preparation, review, dispute (if any) and final determination of the Closing Balance Sheet and the Post-Closing Adjustment Amount. The parties shall share the costs, expenses and fees of the Auditor in inverse proportion to the extent to which their respective positions are sustained (e.g., if CCE's position is one hundred percent (100%) sustained, it shall bear none of such costs, expenses, and fees of the Auditor). The determination of the Auditor shall be final, conclusive and binding on the parties. The Auditor's determination of the amount of the Post-Closing Adjustment Amount shall then be deemed to be the Post-Closing Adjustment Amount for purposes of this Section 2.4. The date on which such items are accepted or finally determined in accordance with this Section 2.4 is referred as to the "**Determination Date**." As used in this Agreement, the term "commercially reasonable efforts" shall not include efforts which require the performing party (i) to do any act that is unreasonable under the circumstances, (ii) to make any capital contribution not expressly contemplated hereunder, (iii) to amend or waive any rights under this Agreement, or (iv) to incur or expend any funds other than reasonable out-of-pocket expenses incurred in satisfying its obligations hereunder, including the reasonable fees, expenses and disbursements of accountants, counsel and other professionals.

(c) ETP and CCE Adjustments. If the Post-Closing Adjustment Amount is positive, then ETP shall pay to CCE an amount equal to the Post-Closing Adjustment Amount (the "**ETP Adjustment**"), and if the Post-Closing Adjustment Amount is negative, then CCE shall pay to ETP an amount equal to the absolute value of the Post-Closing Adjustment Amount (the "**CCE Adjustment**"). The CCE Adjustment, if any, and the ETP Adjustment, if any, shall bear simple interest at a rate equal to daily average one month LIBOR plus one percent (1%) per annum measured from the Closing Date to the date of such payment. Amounts owing by CCE, if any, pursuant to this Section 2.4 shall be paid by CCE within five (5) Business Days after the Determination Date by delivery of immediately available funds to an account designated by ETP. Amounts owing by ETP, if any, pursuant to this Section 2.4 shall be paid by ETP within five (5) Business Days after the Determination Date by delivery of immediately available funds to an account designated by CCE.

(d) CCE Capital Contributions. ETP shall have no obligation to make any capital contributions pursuant to the CCE LLC Agreement as the owner of the 50% CCE Interest following the consummation of the transactions contemplated by the CCE Acquisition Agreement unless this Agreement is terminated in accordance with Article VII hereof.

Section 2.5 Deliveries by CCE at the Closing. At the Closing, CCE shall deliver, or cause its appropriate Affiliates to deliver, to ETP:

(a) an executed copy of the TPC Interests Assignment;

(b) a cross-receipt acknowledging receipt of the 50% CCE Interest Assignment;

(c) a certificate from an authorized officer of CCE, dated as of the Closing Date, to the effect that the conditions set forth in Section 2.3(d), Section 6.2(a), Section 6.2(c), Section 6.2(g) and Section 6.2(i) of this Agreement have been satisfied;

(d) all other previously undelivered documents required by this Agreement to be delivered by CCE or its Affiliates to ETP at or prior to the Closing;

(e) resignations of each of the managers and officers (or persons acting in similar capacities) of TPC who are not employees of TPC;

(f) the TPC Transition Services Agreement, duly executed by CCE and PEPL; and

(g) all such other instruments of sale, assignment, conveyance and transfer and releases, consents and waivers as in the reasonable opinion of ETP may be necessary to effect the sale, transfer, assignment, conveyance and delivery of the TPC Interests to ETP in accordance with this Agreement, in each case, as is necessary to effect the transactions contemplated by this Agreement.

Section 2.6 Deliveries by ETP at the Closing. At the Closing, ETP shall deliver to CCE:

(a) an executed copy of the 50% CCE Interest Assignment;

(b) a cross-receipt acknowledging receipt of the TPC Interests Assignment;

(c) a certificate from an authorized officer of ETP, dated as of the Closing Date, to the effect that the conditions set forth in Section 6.3(a) and Section 6.3(c) of this Agreement have been satisfied;

(d) the TPC Transition Services Agreement, duly executed by ETP; and

(e) all other previously undelivered documents required by this Agreement to be delivered by ETP or its Affiliates to CCE at or prior to the Closing.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF CCE

CCE hereby represents and warrants to ETP as follows:

Section 3.1 Organization; Qualification.

(a) CCE is a limited liability company duly organized, validly existing and duly qualified or licensed and in good standing under the laws of the state or jurisdiction of its formation and has all requisite corporate power to own, lease and operate its properties and to

carry on its business as currently conducted. CCE is duly qualified or licensed to do business as a foreign limited liability company, and is, and has been, in good standing in each jurisdiction in which the nature of its business or the property it owns, leases or operates requires it to so qualify, be licensed or be in good standing, except for such failures to be qualified, licensed or in good standing that would not have a Material Adverse Effect. The CCE LLC Agreement is a legal, valid and binding agreement of the parties specified as parties thereto, enforceable against the parties thereto in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

(b) CC Energy, TW Holdings and TPC are limited liability companies duly organized, validly existing and duly qualified or licensed and in good standing under the laws of the state or jurisdiction of their respective formation and have all requisite limited liability company power, as applicable, to own, lease and operate their respective properties and to carry on their respective businesses as currently conducted. True and correct copies of the Organizational Documents of TPC with all amendments thereto to the date hereof, have been made available by CCE to ETP or its representatives. CC Energy, TW Holdings and TPC are each duly qualified or licensed to do business as foreign limited liability companies and are, and have been, in good standing in each jurisdiction in which the nature of the respective businesses conducted by them or the property they own, lease or operate requires them to so qualify, be licensed or be in good standing except where the failure to be so authorized, qualified or licensed and in good standing would not have a Material Adverse Effect. Section 3.1(b) of the CCE Disclosure Letter sets forth all of the jurisdictions in which TPC is qualified to do business.

Section 3.2 Authority Relative to this Agreement and the CCE Acquisition Agreement. CCE has full limited liability company power and authority to execute and deliver this Agreement and the other agreements, documents and instruments to be executed and delivered by it in connection with this Agreement, and to consummate the transactions contemplated hereby and thereby. Except as set forth in Section 3.2 of the CCE Disclosure Letter, the execution, delivery and performance of this Agreement and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all the necessary action on the part of CCE, and no other corporate or other proceedings on the part of CCE or its members are necessary to authorize this Agreement and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement, to consummate the transactions contemplated hereby and thereby or to consummate the transactions contemplated hereby or thereby. The resolutions attached hereto as Exhibit D have been duly approved and adopted by all of the members of the Executive Committee of CCE in accordance with the terms of the CCE LLC Agreement. This Agreement has been, and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement as of the Closing Date will be, duly and validly executed and delivered by CCE, and assuming that this Agreement and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement constitute legal, valid and binding agreements of each of the other parties hereto and thereto, are (in the case of this Agreement) or will be as of the Closing Date (in the case of the other agreements, documents and instruments to be executed and delivered in connection with this Agreement) enforceable against CCE in accordance with their respective terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 3.3 TPC Interests.

(a) The TPC Interests are duly authorized, validly issued, fully paid membership interests of TPC and were not issued in violation of any preemptive rights. Except as set forth in Section 3.3(a) of the CCE Disclosure Letter, (i) there are no membership interests of TPC authorized, issued or outstanding or reserved for any purpose other than the TPC Interests, and (ii) there are no (A) existing options, warrants, calls, rights of first refusal, preemptive rights, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to the TPC Interests, obligating CCE, TPC or any of their respective Affiliates to issue, transfer or sell, or cause to be issued, transferred or sold, any of the TPC Interests, (B) outstanding securities of CCE, TPC or any of their respective Affiliates that are convertible into or exchangeable or exercisable for any of the TPC Interests, (C) options, warrants or other rights to purchase from CCE, TPC or any of their respective Affiliates any such convertible or exchangeable securities or (D) other than this Agreement, contracts, agreements or arrangements of any kind relating to the issuance of any of the TPC Interests, or any such options, warrants or rights, pursuant to which, in any of the foregoing cases, CCE, TPC or any of their respective Affiliates are subject or bound.

(b) Except as set forth in Section 3.3(b) of the CCE Disclosure Letter, TW Holdings owns all of the issued and outstanding TPC Interests and has good and valid title to the TPC Interests, free and clear of all Encumbrances or other defects in title, and the TPC Interests have not been pledged or assigned to any Person. At the Closing, the TPC Interests will be transferred to ETP free and clear of all Encumbrances. The TPC Interests are not subject to any restrictions on transferability or voting agreements other than those imposed by this Agreement and by applicable securities laws.

(c) Except as set forth in Section 3.3(c) of the CCE Disclosure Letter, TPC does not have any subsidiaries or any stock or other equity interest (controlling or otherwise) in any corporation, limited liability company, partnership, joint venture or other entity.

Section 3.4 Consents and Approvals. Except as set forth in Section 3.4 of the CCE Disclosure Letter, neither CCE nor any of its Affiliates requires any consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority, or any other Person, as a condition to the execution and delivery of this Agreement or the performance of its obligations hereunder, except where the failure to obtain such consent, approval or authorization of, or filing of, registration or qualification with, any Governmental Authority, or any other Person would not materially and adversely impact the operations of TPC as currently conducted.

Section 3.5 No Conflict or Violation. Except as set forth in Section 3.5 of the CCE Disclosure Letter, the execution, delivery and performance by CCE of this Agreement does not:

(a) violate or conflict with any provision of the Organizational Documents of CCE or TPC;

(b) violate any applicable provision of a law, statute, judgment, order, writ, injunction, decree, award, rule or regulation of any Governmental Authority, except where such violation would not have a Material Adverse Effect; or

(c) violate, result in a breach of, constitute (with due notice or lapse of time or both) a default or cause any obligation, penalty or premium to arise or accrue under any Material Contract, lease, loan, mortgage, security agreement, trust indenture or other material agreement or instrument to which TPC is a party or by which it is bound or to which any of its properties or assets is subject, except as would not have a Material Adverse Effect.

Section 3.6 Financial Information. The CCE Annual Financial Statements and the CCE Six Month Interim Financial Statements present fairly in all material respects, in accordance with GAAP consistently applied, the financial condition and results of operation of CCE as of the dates thereof and for the periods set forth therein, subject, in the case of the CCE Six Month Interim Financial Statements, to normal recurring year-end adjustments that are not material, either individually or in the aggregate, and the absence of full footnote disclosure. The Citrus Annual Financial Statements and the Citrus Six Month Interim Financial Statements present fairly in all material respects, in accordance with GAAP consistently applied, the financial condition and results of operation of Citrus as of the dates thereof and for the periods set forth therein, subject, in the case of the Citrus Six Month Interim Financial Statements, to normal recurring year-end adjustments that are not material, either individually or in the aggregate, and the absence of full footnote disclosure. The TPC Annual Financial Statements and the TPC Six Month Interim Financial Statements present fairly in all material respects, in accordance with GAAP consistently applied, the financial condition and results of operation of TPC as of the dates thereof and for the periods set forth therein, subject, in the case of the TPC Six Month Interim Financial Statements, to normal recurring year-end adjustments that are not material, either individually or in the aggregate, and the absence of full footnote disclosure.

Section 3.7 Contracts.

(a) Section 3.7(a) of the CCE Disclosure Letter sets forth a list, as of the date hereof, of each contract and lease to which TPC is a party that is material to TPC (each contract set forth in Section 3.7(a) of the CCE Disclosure Letter being referred to herein as a "**Material Contract**"); *provided*, *however*, that any purchase or sale order arising in the ordinary course of business and any contract reasonably expected to involve the payment or receipt of an aggregate amount of less than $2,000,000 during its term remaining after the date of this Agreement shall not be deemed to be a Material Contract.

(b) Section 3.7(b) of the CCE Disclosure Letter sets forth a list, as of the date hereof, of each contract that TPC has with an Affiliate, other than with respect to any purchases and sales arising in the ordinary course of business.

(c) Except as set forth in Section 3.7(c) of the CCE Disclosure Letter, each Material Contract is a valid and binding agreement of TPC and, to the Knowledge of CCE, is in full force and effect.

(d) Except as set forth in Section 3.7(d) of the CCE Disclosure Letter, CCE has no Knowledge of any default under any Material Contract, other than defaults that have been cured or that would not have a Material Adverse Effect. TPC and, to CCE's Knowledge, the other parties to any Material Contract, have performed in all respects all obligations required to be performed by them under any Material Contract, except where the failure so to perform would not have a Material Adverse Effect. CCE has made available to ETP or its representatives true and complete originals or copies of all the Material Contracts.

Section 3.8 Compliance with Law. Except for Environmental Laws and Tax Laws, which are the subject of Section 3.15 and Section 3.16, respectively, and except as set forth in Section 3.8 of the CCE Disclosure Letter, since November 17, 2004, TPC has complied with all federal, state, local or foreign laws, statutes, ordinances, rules, regulations, judgments, orders, writs, injunctions or decrees of any Governmental Authority applicable to its properties, assets and business, except where such noncompliance would not have a Material Adverse Effect. TPC has not received written notice of any material violation of any such law, license, regulation, order or other legal requirement or, to the Knowledge of CCE, is in material default with respect to any order, writ, judgment, award, injunction or decree of any Governmental Authority, applicable to TPC or any of its assets, properties or operations.

Section 3.9 Permits. Except as set forth in Section 3.9(a) of the CCE Disclosure Letter, TPC has all permits, licenses, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, Governmental Authorities necessary for the conduct of the business operations of TPC as presently conducted (collectively, the "**TPC Permits**"), except for those Permits the absence of which would not, individually or in the aggregate, have a Material Adverse Effect. Set forth on Section 3.9(b) of the CCE Disclosure Letter is a list of the material TPC Permits.

Section 3.10 Litigation. Except as identified in Section 3.10 of the CCE Disclosure Letter, there are no lawsuits, actions, proceedings or investigations, pending, or, to CCE's Knowledge, threatened, against CCE or any of its Affiliates or any executive officer, manager or director thereof relating to the transactions contemplated hereby or the assets or business of TPC, except, in the case of lawsuits, actions, proceedings, investigations relating to the assets or business of TPC, as would not, individually or in the aggregate, have a Material Adverse Effect. CCE and its Affiliates are not subject to any outstanding judgment, order, writ, injunction, decree or award entered in an Action to which CCE or any of its Affiliates was a named party relating to the transactions contemplated hereby or the assets or business of TPC, except, in the case of lawsuits, actions, proceedings, investigations relating to the assets or business of TPC, as would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.11 Title to Properties. TPC has good and valid title to all of the tangible assets and properties that are reflected in the TPC Interim Balance Sheet (except for assets and properties sold, consumed or otherwise disposed of in the ordinary course of business since the date of the TPC Interim Balance Sheet), and such tangible assets and properties are owned free and clear of all Encumbrances, except for (a) Encumbrances listed in Section 3.11 of the CCE Disclosure Letter, (b) Permitted Encumbrances, and (c) Encumbrances which will be discharged on or before the Closing Date. To the Knowledge of CCE, except as set forth in Section 3.11 of the CCE Disclosure Letter, TPC owns valid and defeasible fee title to, or holds a valid leasehold

interest in, or a valid right-of-way or easement (all such rights-of-way and easements collectively, the "**Rights-Of-Way**") through, all real property ("**Real Property**") used or necessary for the conduct of business of TPC as presently conducted, and all such Real Property (other than Rights-Of-Way) is owned or leased free and clear of all Encumbrances, in each case except for (a) Encumbrances listed in Section 3.11 of the CCE Disclosure Letter, (b) Permitted Encumbrances and (c) Encumbrances that will be discharged on or before the Closing Date.

Section 3.12 Employee Matters.

(a) Except as set forth in Section 3.12(a) of the CCE Disclosure Letter, none of TPC, CCE or their respective ERISA Affiliates sponsors, maintains, contributes to or has an obligation to contribute to, any "employee benefit plan," as defined in Section 3(3) of ERISA, in which any current or former TPC Employee is or has been eligible to participate since November 17, 2004 (**"ERISA Plans"**). For the avoidance of doubt, (1) the term "ERISA Plans" does not include any Enron Plan, (2) November 17, 2004 is the date of the closing of the acquisition by CCE of indirect ownership of TPC from Enron Corp. and certain of its affiliates, and (3) CCE was formed on May 14, 2004, in connection with such acquisition.

(b) Except as set forth in Section 3.12(b) of the CCE Disclosure Letter, none of TPC, CCE or any of their respective ERISA Affiliates has established, sponsors, maintains, or contributes to any policy, plan, agreement or arrangement that is not set forth in Section 3.12(a) of the CCE Disclosure Letter providing for employment terms, change in control benefits, severance benefits, retention benefits, insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, or other forms of incentive compensation, or post-retirement insurance, compensation or benefits (whether or not an ERISA Plan) that (i) is entered into, sponsored, maintained, or contributed to, as the case may be, by TPC, or (ii) has covered any current or former TPC Employee or independent contractor to TPC since November 17, 2004. The policies, plans, agreements, and arrangements described in this Section 3.12(b) are hereinafter referred to as the "Benefit Programs or Agreements." For the avoidance of doubt, the term **"Benefit Programs or Agreements"** does not include any Enron Plan. The Benefit Programs and Agreements and the ERISA Plans are hereinafter referred to collectively as the **"Employee Benefit Plans."**

(c) True, correct, and complete copies of each of the ERISA Plans sponsored, maintained or contributed to on behalf of the TPC Employees or in which such employees are otherwise eligible to participate, and related trusts, if applicable, including all amendments thereto, have been furnished to ETP. There has also been furnished to ETP, with respect to each ERISA Plan required to file such report and description, the most recent report on Form 5500, the summary plan description and any summaries of material modifications thereto, all actuarial reports or valuations relating to each ERISA Plan subject to Title IV of ERISA or required to be accounted for pursuant to Statements of Financial Accounting Standard Nos. 106 and 132(R), if any, and the most recent determination letter, if any, issued by the IRS with respect to any ERISA Plan intended to be qualified under Section 401 of the Code. True, correct, and complete copies or descriptions of all Benefit Programs and Agreements have also been furnished to ETP.

(d) Except as set forth in Section 3.12(e)(vii) of the CCE Disclosure Letter or described in Section 5.5(e), with respect to retiree medical benefits, none of TPC, CCE or any of CCE's ERISA Affiliates has any legal commitment to create, incur liability with respect to or cause to exist any other employee benefit plan, program or arrangement for the benefit of any current or former TPC Employee or to enter into any contract or agreement to provide compensation or benefits to any former or current TPC Employee.

(e) Except as set forth in Section 3.12(e) of the CCE Disclosure Letter, with respect to each Employee Benefit Plan:

(i) the applicable reporting, disclosure and other requirements of ERISA (and other Applicable Law) have been complied with in all material respects;

(ii) there is no act or omission of TPC or any of its ERISA Affiliates that would (a) constitute a breach of fiduciary duty under Section 404 of ERISA or a transaction (including the transactions contemplated by this Agreement) intended to evade liability under Section 4069 of ERISA, in either case that would subject TPC to a liability, or (b) constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code that would subject TPC or any plan fiduciary, directly or indirectly (through indemnification obligations or otherwise), to an excise Tax or civil penalty under Section 4975 of the Code or Section 502(i) of ERISA in an amount that would be material;

(iii) no ERISA Plan is subject to Title IV of ERISA;

(iv) all contributions or payments required to be made under each ERISA Plan by reason of Part 3 of Subtitle B of Title I of ERISA, Section 412 of the Code, or otherwise prior to the Closing Date have been and will be timely made;

(v) there are no pending or, to CCE's Knowledge, threatened actions, suits or claims pending (other than routine claims for benefits);

(vi) to CCE's Knowledge, there is no matter pending (other than routine qualification determination filings) with respect to any Employee Benefit Plan before the IRS, the Department of Labor, the PBGC, or any other Governmental Authority;

(vii) except to the extent required under Section 601 of ERISA or Section 4980 of the Code, TPC has no present or future obligation to make any payment to or with respect to any former or current TPC Employee or any dependent of any such former or current TPC Employee under any retiree medical benefit plan or other retiree welfare benefit plan;

(viii) there is no Employee Benefit Plan covering any former or current TPC Employee that provides for the payment by TPC of any amount that is or is reasonably likely to be (a) not deductible as a result of Section 162(a)(1) or 404 of the Code, (b) an "excess parachute payment" pursuant to Section 280G of the Code or (c) subject to the additional tax pursuant to Section 409A of the Code;

(ix) except as otherwise provided in this Agreement, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will (a) entitle any TPC Employee to severance, retention or change in control payments or benefits to which such employee was not previously entitled, or any increase in severance retention or change in control payments or benefits upon a termination of employment or consummation of the transactions contemplated by this Agreement, (b) require CCE, TPC or any of their respective ERISA Affiliates to make a larger contribution to, pay greater benefits under, or provide any additional vesting, service credit or other rights under any Employee Benefit Plan than it otherwise would, whether or not some subsequent action or event would be required to cause such payment or provision to be triggered or (c) trigger any other material obligation pursuant to the Employee Benefit Plans that would be a liability of ETP or TPC after the Closing Date;

(x) each ERISA Plan intended to qualify under Section 401(a) of the Code has been determined to be so qualified by the IRS and, to the Knowledge of CCE, nothing has occurred which has resulted or is likely to result in the revocation of such determination or which requires or is reasonably likely to require action under the compliance resolution programs of the IRS to preserve such qualification;

(xi) as to any ERISA Plan intended to be qualified under Section 401(a) of the Code, there has been no termination or partial termination of any ERISA Plan within the meaning of Section 411(d)(3) of the Code;

(xii) all contributions required to be made to or with respect to the Employee Benefit Plans pursuant to their terms and the provisions of ERISA, the Code, or any other Applicable Law have been timely made;

(xiii) each trust funding an Employee Benefit Plan, which trust is intended to be exempt from federal income taxation pursuant to Section 501(c)(9) of the Code, satisfies the requirements of such section and has received a favorable determination letter from the IRS regarding such exempt status and has not, since receipt of the most recent favorable determination letter, been amended or operated in a way which would adversely affect such exempt status;

(xiv) except as set forth in Section 3.12(e)(vii) of the CCE Disclosure Letter or described in Section 5.5(e), each ERISA Plan which is an "employee welfare benefit plan," as such term is defined in Section 3(1) of ERISA, may be unilaterally amended or terminated in its entirety without liability except as to benefits accrued thereunder prior to such amendment or termination; and

(xv) except as set forth in Section 3.12(e)(vii) of the CCE Disclosure Letter or described in Section 5.5(e), no Employee Benefit Plan provides retiree medical or retiree life insurance benefits to any Person and TPC is not contractually or otherwise obligated (whether or not in writing) to provide any Person with life insurance or medical benefits upon retirement or termination of employment, other than as required by the provisions of Sections 601 through 608 of ERISA and Section 4980B of the Code.

(f) None of TPC or any of its ERISA Affiliates contributes to or has an obligation to contribute to, and has not at any time within six years prior to the Closing Date contributed to or had an obligation to contribute to, a multiemployer plan (as defined in Section 4001(a)(3) of ERISA), on behalf of a present or former TPC Employee;

(g) No current circumstance has arisen or future circumstance could arise that would lead TPC or, after the transaction contemplated by this Agreement, ETP, to incur any ERISA Title IV liability or suffer the imposition of any Lien on any of their assets with respect to liabilities relating to any ERISA Plan or any employee benefit plan subject to Title IV of ERISA that was sponsored, maintained or contributed to by (A) CCE, (B) an ERISA Affiliate of CCE, or (C) any corporation, trade, business or entity under common control with CCE or an ERISA Affiliate of CCE, within the meaning of Section 414(b), (c) or (m) of the Code or Section 4001 of ERISA, within the six (6) years prior to the Closing Date, or to which any of them had an obligation to contribute during such period; and

(h) With respect to circumstances not addressed in Section 3.12(g), except as set forth in Section 3.12(e)(vii) of the CCE Disclosure Letter or described in Section 5.5(e), no current circumstance has arisen or future circumstance could arise that would lead TPC or, after the transaction contemplated by this Agreement, ETP, to incur any liability directly or indirectly (through indemnification or otherwise), or suffer the imposition of a Lien on any of their assets, relating to or arising from the participation of the TPC employees or former employees in any of the Enron Plans or the status of TPC, during the period preceding November 17, 2004, as an ERISA Affiliate of Enron Corp.

Section 3.13 Labor Relations. TPC is not a party to any labor or collective bargaining agreements, and there are no labor or collective bargaining agreements which pertain to any employees of TPC. Within the preceding eighteen (18) months, there have been no representation or certification proceedings, or petitions seeking a representation proceeding, pending or, to the Knowledge of CCE, threatened in writing to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority with respect to TPC. Within the preceding eighteen (18) months, to the Knowledge of CCE, there have been no organizing activities involving TPC with respect to any group of its employees. Since May 1, 2006, neither TPC nor any Affiliate of TPC has terminated the employment of any TPC Employee or any employee of any of its Affiliates who provides services in connection with TPC's business for reasons other than misconduct or failure to perform the employee's duties and no circumstance has occurred that would give rise to a requirement that TPC give notice under the Worker Adjustment and Retraining Notification Act or any similar state law. As of the date of this Agreement, no TPC Employee or Shared Service Employee has a legal or contractual right to reinstatement with TPC or any Affiliate of TPC.

Section 3.14 Intellectual Property. Except as set forth in Section 3.14 of the CCE Disclosure Letter, on the Closing Date TPC will, either in its own name or by operation of the TPC Transition Services Agreement, own or possess licenses or other legally enforceable rights to use all patents, copyrights (including any copyrights in proprietary software), trademarks,

service marks, trade names, logos, and other intellectual property rights, software object and source code as are necessary to conduct its business as currently conducted, except those the lack of which would not materially and adversely affect the operations of TPC as currently conducted; and to CCE's Knowledge, there is no conflict by CCE or TPC with the rights of others therein that would materially and adversely affect the operations of TPC as currently conducted.

Section 3.15 Environmental Matters. Except as set forth in Section 3.15 of the CCE Disclosure Letter:

(a) TPC and its properties and operations are, and to CCE's Knowledge, during the relevant time periods specified in all applicable statutes of limitation, have been, in compliance with all applicable Environmental Laws, except for such noncompliance as would not, individually or in the aggregate, have a Material Adverse Effect;

(b) TPC possesses all Environmental Permits required in order to conduct its operations as presently conducted or, where such Environmental Permits have expired, has applied for a renewal of such Environmental Permits in a timely fashion and, to CCE's knowledge, all such Environmental Permits are in the name of the proper entity and will remain in full force and effect immediately following the Closing, except where the failure to possess an Environmental Permit or to have applied for a renewal of an Environmental Permit would not, individually or in the aggregate, have a Material Adverse Effect;

(c) TPC and its properties and operations are not subject to any pending or, to CCE's Knowledge, threatened Environmental Claims, nor has TPC received any notice of violation, noncompliance, or enforcement or any notice of investigation or remediation from any Governmental Authority pursuant to Environmental Laws, except for such matters as would not, individually or in the aggregate, have a Material Adverse Effect;

(d) Since November 17, 2004, there has been no, and to CCE's Knowledge, prior to November 17, 2004, there has been no, Release of Hazardous Substances on or from the properties of TPC or from or in connection with the operations of TPC in violation of any Environmental Laws or in a manner that could give rise to any remedial or corrective action obligations pursuant to Environmental Laws, except such as would not, individually or in the aggregate, have a Material Adverse Effect;

(e) Since November 17, 2004, there has been no, and, to CCE's Knowledge, prior to November 17, 2004, there has been no exposure of any Person or property to any Hazardous Substances in connection with the business, properties or operations of TPC that could reasonably be expected to form the basis for an Environmental Claim or any other claim for Damages or compensation, except for such Environmental Claims or other claims for Damages as would not, individually or in the aggregate, have a Material Adverse Effect; and

(f) CCE has made available for inspection by ETP complete and correct copies of all environmental assessment and audit reports and studies completed since January 1, 2003, addressing potentially material environmental matters and all correspondence completed since January 1, 2003 addressing potentially material Environmental Claims relating to TPC that are in the possession of CCE or TPC, except for any such materials as CCE reasonably believes are subject to the attorney-client privilege.

The representations and warranties set forth in this Section 3.15 are CCE's sole and exclusive representations and warranties relating to environmental matters.

Section 3.16 Tax Matters.

(a) Except as set forth in Section 3.16(a) of the CCE Disclosure Letter or as would not have a Material Adverse Effect, all federal, state and local Tax Returns required to be filed by or on behalf of TPC, and each consolidated, combined, unitary, affiliated or aggregate group of which TPC is a member, has been timely filed (taking into account applicable extensions), and all Taxes shown as due on such Tax Returns have been paid, or adequate reserves therefor have been established.

(b) Except as set forth in Section 3.16(b) of the CCE Disclosure Letter or as would not have a Material Adverse Effect, there is no deficiency, proposed adjustment, or matter in controversy that has been asserted or assessed in writing with respect to any Taxes due and owing by TPC that has not been paid or settled in full.

(c) Except as would not have a Material Adverse Effect, TPC has timely withheld and timely paid all Taxes required to be withheld by them in connection with any amounts paid or owing to any employee, creditor, independent contractor or other third party.

(d) Except as would not have a Material Adverse Effect, there are no liens for Taxes upon any of the assets of TPC except for liens for Taxes not yet due and payable.

(e) Except as would not have a Material Adverse Effect, no property of TPC is required to be treated as "tax-exempt use property" within the meaning of Code Section 168(h), and no property of TPC is subject to a tax benefit transfer lease subject to the provisions of former Section 168(f)(8) of the Code.

(f) At all times since its formation, CCE has been treated as a partnership for federal tax purposes pursuant to Treasury Regulation Section 301.7701-3.

(g) At all times since their formation, each of CC Energy, TW Holdings and TPC have been disregarded as separate entities for federal tax purposes pursuant to Treasury Regulation Section 301.7701-3.

(h) CCE has made or will make a valid election under Section 754 of the Code that will be in effect at the time of the CCE Acquisition.

Section 3.17 Absence of Certain Changes or Events.

(a) Except as set forth in Section 3.17(a) of the CCE Disclosure Letter, since December 31, 2005, TPC has conducted its business in the ordinary course of business, consistent with past practice (as such practice existed during the period of CCE's ownership of TPC).

(b) Except as set forth in Section 3.17(b) of the CCE Disclosure Letter, since December 31, 2005, there has not been with respect to TPC any event or development or change which has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) Except as set forth in Section 3.17(c) of the CCE Disclosure Letter, since June 30, 2006, TPC has not taken any action that would have been prohibited had Section 5.1(b) been in effect from and after June 30, 2006.

Section 3.18 Absence of Undisclosed Liabilities. Since June 30, 2006, TPC has incurred no Liabilities (whether absolute, accrued, contingent or otherwise) that would be required by GAAP to be included in the financial statements of TPC, except those Liabilities (a) disclosed and reserved against in the TPC Interim Balance Sheet, (b) set forth in Section 3.18 of the CCE Disclosure Letter, (c) incurred in the ordinary course of business since June 30, 2006 and (d) that have not resulted in a Material Adverse Effect.

Section 3.19 Brokerage and Finders' Fees. None of CCE, TPC or any of their Affiliates or their respective stockholders, partners, managers, directors, officers or employees, has incurred, or will incur any brokerage, finders' or similar fee in connection with the transactions contemplated by this Agreement.

Section 3.20 Affiliated Transactions. Except as described in Section 3.20 of the CCE Disclosure Letter, and except for trade payables and receivables arising in the ordinary course of business for purchases and sales of goods or services consistent with past practice, TPC has not been a party over the past twelve (12) months to any material transaction or agreement with CCE or any Affiliate of CCE (other than TPC) and no director or officer of CCE or its Affiliates (other than TPC), has, directly or indirectly, any material interest in any of the assets or properties of TPC.

Section 3.21 Insurance.

(a) Section 3.21 of the CCE Disclosure Letter sets forth a true and complete list of all current policies of all material property and casualty insurance, insuring the properties, assets, employees and/or operations of TPC (collectively, the "**Insurance Policies**"). To the Knowledge of CCE, all premiums payable under the Insurance Policies have been paid in a timely manner and TPC has complied in all material respects with the terms and conditions of all such Insurance Policies.

(b) As of the date hereof, CCE has not received any written notification of the failure of any of the Insurance Policies to be in full force and effect. To the Knowledge of CCE, TPC is not in default under any provision of the Insurance Policies, and except as set forth in Section 3.21 of the CCE Disclosure Letter, there is no claim by TPC or any other Person pending under any of the Insurance Policies as to which coverage has been denied or disputed by the underwriters or issuers thereof.

Section 3.22 Regulatory Matters.

(a) TPC is a "natural gas company" as that term is defined in Section 2 of the Natural Gas Act ("**NGA**"). TPC is in compliance in all material respects with the provisions of

the NGA, the Natural Gas Policy Act of 1978 ("**NGPA**"), the Pipeline Safety Improvement Act of 2002, and the rules and regulations promulgated by FERC pursuant thereto. TPC is in compliance in all material respects with the terms and conditions of all tariff provisions, FERC rate and certificate orders, and other orders and authorizations issued by FERC, in each case as applicable to TPC. No approval by FERC under the NGA or the Federal Power Act is required in connection with the execution and delivery of this Agreement by CCE or the consummation of the transactions contemplated hereby. Except as identified in Section 3.22 of the CCE Disclosure Schedule, the Form No. 2 Annual Reports filed by TPC with FERC for the years ended December 31, 2004 and December 31, 2005 were true and correct in all material respects as of the dates thereof, and since January 1, 2005, TPC has not become subject to any proceeding under Section 5 of the NGA or, except as otherwise permitted by Section 5.1, any general rate case proceeding commenced under Section 4 of the NGA by reason of a filing made with the FERC after January 1, 2005.

(b) Except as identified in Section 3.22 of the CCE Disclosure Letter and except for general industry proceedings including audits or reviews of individual companies arising from general industry proceedings such as Order 2004, there are no pending or, to CCE's Knowledge, reasonably anticipated FERC administrative or regulatory proceedings, including without limitation any rate proceeding under Section 4 or Section 5 of the NGA or any NGA Section 7 certificate proceeding, investigation, complaint, audit, or show cause proceedings to which TPC is a party. CCE acknowledges that, as a result of a rate settlement in FERC Docket Nos. RP95-271, et al., TPC is obligated to prepare and file the TPC Rate Case for rates to be effective November 1, 2006.

Section 3.23 Internal Controls.

(a) The system of internal accounting controls that is applicable to TPC is sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for physical assets is compared with the existing physical assets at reasonable intervals and appropriate actions are taken with respect to any differences.

(b) Since November 17, 2004, neither TPC nor, to CCE's Knowledge, any director, manager, officer, employee, auditor, accountant or representative of TPC, has received or otherwise had or obtained knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or internal accounting controls of or for TPC, including any complaint, allegation, assertion or claim that TPC has engaged in fraudulent accounting or auditing practices. Since November 17, 2004, no attorney representing TPC, whether or not employed by TPC, has reported evidence of a violation of securities laws, breach of fiduciary duty or similar violation by TPC or any of its officers, directors, managers, employees or agents to TPC's board of managers (or comparable managing body) or any committee thereof or to any manager or officer of TPC.

(c) Except as disclosed in Section 3.23(c) of the CCE Disclosure Letter, there are no off-balance sheet structures or off-balance sheet transactions with respect to TPC or that would be required to be reported or set forth in the periodic reports filed by a reporting company under the Exchange Act.

Section 3.24 Hedging. Except as set forth on Section 3.24 of the CCE Disclosure Letter, TPC is not engaged in any natural gas or other futures or options trading in respect of which it has any material future liability, or is a party to any swaps, hedges, futures or similar instruments.

Section 3.25 Bank Accounts; Powers of Attorney. Section 3.25 of the CCE Disclosure Letter sets forth (a) the name of each financial institution with which TPC has borrowing or investment agreements, deposit or checking accounts or safe deposit boxes, (b) the types of those arrangements and accounts including the names in which the accounts or boxes are held, the account or box numbers and the name of each Person authorized to draw thereon or have access thereto and (c) the names of all Persons, if any, holding powers of attorney (other than powers of attorney incidental to commercial relationships entered into in the ordinary course of business) from TPC and a summary statement of the terms thereof. No Contract to which TPC is a party provides for the payment by the counterparty to any bank account other than those set forth on Section 3.25 of the CCE Disclosure Letter.

Section 3.26 Gas Imbalances. Section 3.26 of the CCE Disclosure Letter sets forth all gas imbalances on TPC's pipeline system as of June 30, 2006. All gas imbalances on TPC's pipeline system (whether as of June 30, 2006 or thereafter) are resolved pursuant to the terms of Operational Balancing Agreements ("**OBAs**"). The majority of OBAs follow the valuation methodology described in TPC's tariff, which calls for imbalances to be resolved using a Monthly Index Price as calculated under Section 27 of the tariff's General Terms and Conditions and Section 5(c) of the tariff's Operator Balancing Agreement – Form N. TPC has certain grandfathered volumetric OBAs that do not follow Form N and for which the revaluation of outstanding volumetric imbalances impacts TPC's monthly income statement. Volumetric imbalances are noted in Section 3.26 of the CCE Disclosure Letter. The values of gas imbalances as determined pursuant to the imbalance resolution methodology set forth in the OBAs are used in preparing each balance sheet included in the TPC Annual Financial Statements and the TPC Six Month Interim Financial Statements.

Section 3.27 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, neither CCE nor any other Person makes any other express or implied representation or warranty on behalf of CCE.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF ETP

ETP hereby represents and warrants to CCE as follows:

Section 4.1 Corporate Organization; Qualification. ETP is a limited partnership duly organized, validly existing and duly qualified or licensed and in good standing under the laws of the state or jurisdiction of its formation and has all requisite limited partnership power to own,

lease and operate its properties and to carry on its business as currently conducted. ETP is duly qualified or licensed to do business as a foreign limited partnership and is, and has been, in good standing in each jurisdiction in which the nature of the business conducted by it or the property it owns, leases or operates requires it to so qualify, be licensed or be in good standing, except for such failures to be qualified, licensed or in good standing that would not materially affect the consummation of the transactions contemplated by this Agreement.

Section 4.2 Authority Relative to this Agreement. ETP has full limited partnership power and authority to execute and deliver this Agreement and the other agreements, documents and instruments to be executed and delivered by it in connection with this Agreement, including the CCE Acquisition Agreement, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement (including the CCE Acquisition Agreement) and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all the necessary action on the part of ETP, and no other proceedings on the part of ETP are necessary to authorize this Agreement and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement (including the CCE Acquisition Agreement) or to consummate the transactions contemplated hereby and thereby. This Agreement and the CCE Acquisition Agreement each have been, and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement as of the Closing Date will be, duly and validly executed and delivered by ETP, and assuming that this Agreement, the CCE Acquisition Agreement and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement and the CCE Acquisition Agreement constitute legal, valid and binding agreements of the other parties thereto are (in the case of this Agreement) or will be as of the Closing Date (in the case of the other agreements, documents and instruments to be executed and delivered in connection with this Agreement), enforceable against ETP in accordance with their respective terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 4.3 50% CCE Interest. Effective as of the closing of the transactions under the CCE Acquisition Agreement, ETP will own all of the issued and outstanding 50% CCE Interest and will have good, valid and marketable title to the 50% CCE Interest, free and clear of all Encumbrances or other defects in title, and the 50% CCE Interest will not have not been pledged or assigned to any Person. At the Closing, the 50% CCE Interest will be transferred by ETP to CCE free and clear of all Encumbrances. Effective as of the closing of the transactions under the CCE Acquisition Agreement, the 50% CCE Interest will not be subject to any restrictions on transferability or voting agreements other than those imposed by this Agreement, the limited liability company agreement of CCE and applicable securities laws.

Section 4.4 Consents and Approvals. Except for any approvals of the transactions contemplated by the CCE Acquisition Agreement (or expiration of waiting periods) under the HSR Act and except for approvals required from the FCC, ETP does not require any consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority, or any other Person as a condition to the execution and delivery of this Agreement or the performance of the obligations hereunder, except where the failure to obtain such consent,

approval or authorization of, or filing of, registration or qualification with, any Governmental Authority, or any other Person would not materially affect the consummation of the transactions contemplated by this Agreement.

Section 4.5 No Conflict or Violation. The execution, delivery and performance by ETP of this Agreement does not:

(a) violate or conflict with any provision of the Organizational Documents of ETP;

(b) violate any applicable provision of a law, statute, judgment, order, writ, injunction, decree, award, rule or regulation of any Governmental Authority; or

(c) violate, result in a breach of, constitute (with due notice or lapse of time or both) a default or cause any material obligation, penalty or premium to arise or accrue under any material contract, lease, loan, agreement, mortgage, security agreement, trust indenture or other material agreement or instrument to which ETP is a party or by which it is bound or to which any of its properties or assets is subject.

Section 4.6 Litigation. There are no lawsuits, actions, proceedings, or, to ETP's knowledge, any investigations, pending or, to ETP's knowledge, threatened, against ETP or any of its Subsidiaries or any executive officer or director thereof which would prohibit or impair ETP from undertaking any of the transactions contemplated by this Agreement, except as would not materially affect the consummation of the transactions contemplated by this Agreement. ETP is not subject to any outstanding judgment, order, writ, injunction, decree or award entered in an Action to which ETP was a named party which would prohibit or impair ETP from undertaking any of the transactions contemplated by this Agreement, except as would not materially affect the consummation of the transactions contemplated by this Agreement.

Section 4.7 Availability of Funds. ETP will have sufficient funds available to pay the purchase price under the CCE Acquisition Agreement on the closing date thereof and to consummate the transactions contemplated hereby. The ability of ETP to consummate the transactions contemplated under the CCE Acquisition Agreement and this Agreement is not subject to any condition or contingency with respect to financing.

Section 4.8 Brokerage and Finders' Fees. Except for Credit Suisse Securities (USA) LLC, whose fees will be paid by ETP, none of ETP, any of its Affiliates, or its partners, directors, officers or employees, has incurred, or will incur any brokerage, finders' or similar fee in connection with the transactions contemplated by this Agreement.

Section 4.9 Investment Representations.

(a) ETP is acquiring the TPC Interests to be acquired by it hereunder for its own account, solely for the purpose of investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the federal securities laws or any applicable foreign or state securities law.

(b) ETP is an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act.

(c) ETP understands that the acquisition of the TPC Interests to be acquired by it pursuant to the terms of this Agreement involves substantial risk. ETP and its officers have experience as an investor in securities and equity interests of companies such as the ones being transferred pursuant to this Agreement and ETP acknowledges that it can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that ETP is capable of evaluating the merits and risks of its investment in the TPC Interests to be acquired by it pursuant to the transactions contemplated hereby.

(d) ETP understands that the TPC Interests to be acquired by it hereunder have not been registered under the Securities Act on the basis that the sale provided for in this Agreement is exempt from the registration provisions thereof. ETP acknowledges that such securities may not be transferred or sold except pursuant to the registration and other provisions of applicable securities laws or pursuant to an applicable exemption therefrom.

(e) ETP acknowledges that the offer and sale of the TPC Interests to be acquired by it in the transactions contemplated hereby has not been accomplished by the publication of any advertisement.

Section 4.10 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither ETP nor any other Person makes any other express or implied representation or warranty on behalf of ETP.

ARTICLE V
COVENANTS OF THE PARTIES

Section 5.1 Conduct of Business.

(a) Except as expressly provided in this Agreement or as set forth in Section 5.1(a) of the CCE Disclosure Letter, from and after the date of this Agreement and until the Closing Date, CCE shall use commercially reasonable efforts to cause TPC to conduct and maintain its business in the ordinary course of business, consistent with past practice.

(b) Except as contemplated by this Agreement or as set forth in Section 5.1(b) of the CCE Disclosure Letter, prior to the Closing Date, without the prior written consent of ETP (which consent shall not be unreasonably withheld or delayed), CCE shall cause TPC not to:

(i) Amend its organizational documents or governance documents;

(ii) Issue, sell, pledge, dispose of or encumber, or authorize or propose the issuance, sale, pledge, disposition or encumbrance of, any shares of, or securities convertible or exchangeable for, or options, puts, warrants, calls, commitments or rights of any kind to acquire, any of its membership or ownership interests or subdivide or in any way reclassify any membership or ownership interests or change or agree to change in any manner the rights of its outstanding membership or ownership interests;

(iii) (A) Except for the payment of a distribution of $22,000,000 to the sole member of TPC, as necessary to meet debt covenants under the Existing TW Holdings Debt or for the payment of a distribution to the sole member of TPC in order to make the distributions contemplated by Section 5.1(c) hereof, declare, set aside or pay any dividend or other distribution with respect to any shares of any class or series of equity interests of TPC; (B) split, combine or reclassify any shares of any class or series of capital stock of TPC; or (C) redeem, purchase or otherwise acquire directly or indirectly any shares of any class or series of equity interests of TPC, or any instrument or security which consists of or includes a right to acquire such equity interests;

(iv) Except as may be required by agreements or arrangements identified in Section 5.1(b)(iv) of the CCE Disclosure Letter:

A. grant any severance or termination payments;

B. enter into or extend or amend any employment, consulting, severance or other compensation agreement with, or otherwise increase the compensation or benefits provided to any of its officers or other employees, either individually or as part of a class of similarly situated employees other than in the ordinary course of business, consistent with past practice;

C. except as required by Applicable Law, amend or take any other actions, including, but not limited to, acceleration of vesting and waiver of performance criteria, with respect to any Employee Benefit Plan; or

D. terminate any TPC Employee other than for cause;

(v) Sell, lease, license, mortgage or otherwise dispose of any properties or assets material to its business, other than (A) sales made in the ordinary course of business consistent with past practice or (B) sales of obsolete or other assets not presently utilized in its business;

(vi) Merge with or into or consolidate with any other Person;

(vii) Make any change in its accounting principles, practices, estimates or methods, other than as may be required by GAAP, Applicable Law or any Governmental Authority;

(viii) Organize any new Subsidiary or acquire any capital stock of, or equity or ownership interest in, any other Person;

(ix) Materially modify or amend or terminate any Material Contract or waive, release or assign any material rights or Claims under a Material Contract, except in the ordinary course of business;

(x) Pay, repurchase, discharge or satisfy any of its Claims, Liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than in the ordinary course of business and consistent with past practice;

(xi) Enter into any contract or transaction relating to the purchase of assets material to TPC, other than in the ordinary course of business consistent with past practice;

(xii) (A) Incur or assume any short-term debt or long-term debt except for debt incurred to pay for any TPC Expansion Project Expense, any SUG Expansion Project Expense, any budgeted capital expenditure or the distributions contemplated by Section 5.1(c) hereof, (B) modify the terms of any indebtedness or other liability, other than modifications of short-term debt in the ordinary course of business, consistent with past practice; (C) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person, except as described in Section 5.1(b)(xii)(C) of the CCE Disclosure Letter;

(xiii) Adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

(xiv) Make or change any material election in respect of Taxes, adopt or request permission of any Taxing authority to change any material accounting method in respect of Taxes, or enter into any closing agreement in respect of Taxes that would increase the Tax liability of ETP, without ETP's written consent, which consent shall not be unreasonably withheld;

(xv) Other than routine compliance filings, make any filings or submit any documents or information to FERC without prior consultation with ETP;

(xvi) Enter into any settlement agreement related to FERC-regulated tariff rates without ETP's written consent, which consent shall not be unreasonably withheld;

(xvii) Fail to use commercially reasonable efforts to pursue the TPC Expansion Projects; or

(xviii) Fail to use commercially reasonable efforts to prepare, file and defend the TPC Rate Case; or

(xix) Authorize any of, or commit or agree to take any of, the actions referred to in the paragraphs (i) through (xviii) above.

(c) On or prior to the Closing Date, CCE shall make cash distributions in the aggregate amount of $50.0 million plus all Cash Flow for the period beginning July 1, 2006 until the date of the closing of the CCE Acquisition, of which $25.0 million shall be distributed to ETP, $25.0 million shall be distributed to the Class A Members (as defined in the Second Amended and Restated LLC Agreement) and the balance of such Cash Flow which shall be distributed one-half to ETP and one-half to the Class A Members (for purposes of this definition of Cash Flow, Cash Flow shall be deemed to include without duplication the amount of Citrus Corp. cash dividends actually paid with respect to the period from July 1, 2006 until September 30, 2006 and an estimated amount of Citrus Corp. cash dividends with respect to the period from October 1, 2006 until the date of the closing of the CCE Acquisition using for such estimate 50% (i.e., CCE's share) of Citrus Corp. net income for such period).

(d) CCE shall, or shall cause TPC to, provide to ETP copies of any filings made with any Governmental Entities after the date of this Agreement and prior to the Closing Date.

(e) CCE shall use its commercially reasonable efforts to cause TPC to have a Net Working Capital Amount as of the Closing Date that is greater than zero but it shall not be a condition to closing that this covenant be satisfied.

(f) From the date of this Agreement until the Closing Date, CCE shall not make any cash distributions to its members except as specified in Section 5.1(c) or as specified in the Second Amended and Restated LLC Agreement.

Section 5.2 Access to Properties and Records.

(a) CCE shall, and shall cause TPC to, afford to ETP and ETP's accountants, counsel and representatives full reasonable access during normal business hours throughout the period prior to the Closing Date (or the earlier termination of this Agreement pursuant to Article VII hereof) to all of the properties, books, contracts, commitments and records (including all environmental studies, reports and other environmental records and all pipeline cost-of-service and rate-related studies, reports and records related to TPC and, during such period, shall furnish to ETP all information concerning the business, properties, Liabilities and personnel related to TPC as ETP may request, *provided*, *however*, that no investigation or receipt of information pursuant to this Section 5.2 shall affect any representation or warranty of CCE or the conditions to the obligations of ETP. To the extent not located at the offices or properties of TPC as of the Closing Date, as promptly as practicable thereafter, CCE shall deliver, or cause its appropriate Affiliates to deliver to ETP all of the books of accounts, minute books, record books and other records (including safety, health, environmental, maintenance and engineering records and drawings) pertaining to the business operations of TPC and all financial and accounting records related to TPC. Such delivery shall include all work papers, pleadings, testimony, exhibits, spread sheets, research, drafts, memoranda, correspondence and other documents related to the TPC Rate Case ("**TPC Rate Case Work Product**"). TPC Rate Case Work Product has been and will be prepared in contemplation of litigation, and the use of TPC Rate Case Work Product has been and will be under the control of TPC's attorneys. Notwithstanding anything to the contrary contained in this Agreement, CCE shall not be obligated to provide to ETP any documents or records relating to litigation and regulatory matters in which TPC is involved to the extent that CCE reasonably believes such documents or records are subject to the attorney-client or other applicable privilege in circumstances in which TPC is not the sole client unless the parties entitled to such attorney-client or other applicable privilege shall consent thereto and enter into an appropriate joint defense agreement for the purpose of preservation of such attorney-client or other applicable privilege.

(b) The information contained herein, in the CCE Disclosure Letter or heretofore or hereafter delivered to ETP or its authorized representatives in connection with the transactions contemplated by this Agreement shall be held in confidence by ETP and its

representatives in accordance with the Confidentiality Agreement until the Closing Date with respect to information relating to TPC. Following the Closing Date, CCE shall keep confidential all information related to the business and properties of TPC to the same extent as ETP is obligated to keep such information confidential in accordance with the terms of the Confidentiality Agreement (without regard to the preceding sentence) prior to the Closing Date.

Section 5.3 Consents and Approvals.

(a) Upon the terms and subject to the conditions of this Agreement, each of the parties hereto agrees to use, and will cause its Affiliates to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary or advisable under Applicable Law and regulations to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable including the preparation and filing of all forms, registrations and notices required to be filed by such party in order to consummate the transactions contemplated by this Agreement, the taking of all appropriate action necessary, proper or advisable to satisfy each of the conditions to Closing that are to be satisfied by that party or any of its Affiliates and the taking of such actions as are necessary to obtain any approvals, consents, orders, exemptions or waivers of Governmental Authorities and any other Person required to be obtained by such party in order to consummate the transactions contemplated by this Agreement.

(b) Each party shall, and shall cause their respective Affiliates to, with respect to a threatened or pending preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation or executive order that would adversely affect the ability of any party to this Agreement to consummate the transactions contemplated hereby or those contemplated by the CCE Acquisition Agreement, use their respective commercially reasonable best efforts to prevent the entry, enactment or promulgation thereof, as the case may be (including by pursuing any available appeal process). Each of ETP and CCE shall use its respective commercially reasonable best efforts to, and shall cause their respective Affiliates to use their commercially reasonable best efforts to, promptly take or cause to be taken all actions necessary to comply with any requests made, or conditions set, by a Governmental Authority to consummate the transactions contemplated by this Agreement or the CCE Acquisition Agreement. Each party agrees to use its commercially reasonable best efforts to procure any third-party consents required in the preceding sentence. Notwithstanding the foregoing, in no event shall the term “commercially reasonable best efforts” require a party to agree to any divestiture, agreement, condition, restriction or requirement requested by any Governmental Entity to avoid the entry, enactment or promulgation of any threatened preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation or executive order that would constitute a material adverse effect on the financial condition, results of operations or prospects of such party and its Affiliates (including, with respect to ETP, TPC), taken as a whole (a “**Burdensome Condition**”). All cooperation shall be conducted in such a manner so as to preserve all applicable privileges.

(c) By the later of (i) the seventh Business Day after the date hereof and (ii) the fifth Business Day after the approval by the FCC of the transfer of control contemplated by the CCE Acquisition Agreement, CCE and ETP shall file applications with the FCC for consent to the transfer of control of CCE and its Affiliates as contemplated by this Agreement.

(d) For purposes of this Section 5.3, each party shall require their respective counsel to cooperate to the same extent as each party is required to cooperate with the other party.

(e) Without limiting the generality of the undertakings pursuant to this Section 5.3 and subject to appropriate confidentiality protections and limitations set forth in Section 5.3(b) above, CCE, ETP and their respective Affiliates shall each furnish to the parties to this Agreement such necessary information and reasonable assistance a party may request in connection with the foregoing and, upon reasonable request shall each provide counsel for the other party with copies of all filings made by such party or such Affiliate, and all correspondence between such party or such Affiliate (and its advisors) with any Governmental Authority and any other information supplied by such party and such party's Affiliates to a Governmental Authority in connection with this Agreement and the transactions contemplated hereby, *provided, however*, that materials may be redacted (i) to remove references concerning the valuation of TPC, (ii) as necessary to comply with contractual arrangements and (iii) to remove information that is proprietary; and *provided further*, that information protected by the attorney client, work product privilege, or any other applicable privilege, shall be exchanged in a manner so as to preserve any such privilege. CCE and ETP agree to inform each other of all communications with any Governmental Authority.

Section 5.4 Further Assurances. On and after the Closing Date, CCE and ETP shall cooperate and use their respective commercially reasonable efforts to take or cause to be taken all appropriate actions and do, or cause to be done, all things necessary or appropriate to consummate and make effective the transactions contemplated hereby, including the execution of any additional documents or instruments of any kind, the obtaining of consents which may be reasonably necessary or appropriate to carry out any of the provisions hereof and the taking of all such other actions as such party may reasonably be requested to take by the other party hereto from time to time, consistent with the terms of this Agreement, in order to effectuate the provisions and purposes of this Agreement and the transactions contemplated hereby.

Section 5.5 Employee Matters.

(a) Except as provided in the following sentence, on the Closing Date, CCE shall terminate the active participation of the Affected Employees in all of the Employee Benefit Plans listed in Sections 3.12(a) and 3.12(b) of the CCE Disclosure Letter, except for (i) the Benefit Programs and Agreements listed as Items 5 and 6 in Section 3.12(b) of the CCE Disclosure Letter, (ii) the TPC VEBA and (iii) the life and long term disability insurance coverage contemplated by Section 5.5(b). Prior to the Closing Date, CCE shall, or shall cause TPC to, terminate the TPC Severance Plan. CCE shall notify Affected Employees of the termination of such active participation and the termination of the TPC Severance Plan prior to the Closing Date. Subject to the provisions of this Agreement, after the Closing Date, TPC shall be solely responsible for all obligations and Liabilities with respect to the Benefit Programs and Agreements listed as Items 5 and 6 in Section 3.12(b) of the CCE Disclosure Letter, the TPC VEBA, the retiree medical benefits addressed in Section 5.5(e), the accrued vacation days addressed in Section 5.5(c), the flexible benefit plan accounts addressed in Section 5.5(h), and each employee benefit policy, plan, agreement or arrangement that TPC, ETP or an Affiliate of either establishes, maintains or contributes to with respect to the TPC Employees, on or after the

Closing Date, and no such obligations or Liabilities shall be assumed or retained by CCE or its Affiliates. ETP shall, or shall cause TPC to, honor any continuing pay or salary obligations and any applicable legal or contractual rights to reinstatement with respect to all Affected Employees. Except as provided in the preceding provisions of this Section 5.5(a) and in Section 5.5(e), CCE shall retain all obligations or Liabilities and assets with respect to current and former TPC Employees and any Shared Service Employees who do not become Transferring Shared Service Employees in accordance with Section 5.5(g) or otherwise under all of the Employee Benefit Plans listed in Sections 3.12(a) and 3.12(b) of the CCE Disclosure Letter and all other employee benefit plans, policies and arrangements of CCE and its ERISA Affiliates, and no such obligations or Liabilities shall be assumed or retained by ETP or its Affiliates, including after the transactions contemplated hereby, TPC.

(b) Any Affected Employee who is unable to report to work with TPC as of the Closing Date due to disability shall continue to be eligible for any applicable long-term disability and life insurance coverage pursuant to CCE's or PEPL's long-term disability and life insurance plans until such time, if any, as such Affected Employee returns to active employment with TPC; provided, however, that in order to be eligible for such benefits, each such Affected Employee, pending approval for long-term disability benefits or return to active employment, must continue to pay all applicable long-term disability and life insurance premiums due following the Closing Date for such coverage. ETP shall, or shall cause TPC to, pay Affected Employees who are on short-term disability as of the Closing Date the short-term disability benefits that apply under the short-term disability program that covers the TPC Employees as of the date of this Agreement. Any Affected Employees who are on short-term disability as of the Closing Date but who subsequently transition to long-term disability shall be eligible for, and covered by, CCE's or PEPL's, as applicable, long-term disability and life insurance coverages but not ETP's long-term disability and life insurance coverages, subject to the provisions of this Section 5.5(b).

(c) For no less than one year following the Closing Date, ETP shall, and shall cause TPC to, provide to Affected Employees those employee benefits that are provided by ETP to its similarly situated employees except with respect to short-term disability benefits, as provided in Section 5.5(b). With respect to those employee benefit plans of TPC, ETP or their Affiliates in which Affected Employees may participate on or after the Closing Date (**"ETP Plans"**), ETP shall cause the ETP Plans to credit prior service of the Affected Employees with TPC, PEPL and the Affiliates of either, past or present, for purposes of eligibility and vesting under ETP Plans and for all purposes with respect to any vacation, sick days, severance and post-retirement medical benefits; provided, however, that such service need not be credited to the extent it would result in a duplication of benefits. Following the Closing Date, ETP shall, or shall cause TPC to, honor the accrued vacation days of the Affected Employees that remain unused as of the Closing Date to the extent such accruals are shown, either as accruals for TPC Employees or full-time equivalent employees providing services to TPC, on the Closing Balance Sheet. Affected Employees shall also be given credit for any deductible or co-insurance payment amounts payable in respect of the ETP Plan year in which the Closing Date occurs, to the extent that, following the Closing Date, they participate in any ETP Plan during such plan year for which deductibles or co-payments are required. Any preexisting condition restrictions and waiting period limitations that were deemed satisfied with respect to a particular person under

any Employee Benefit Plan or any other benefit plan that covered a Transferring Shared Service Employee immediately prior to the Closing Date shall be deemed satisfied by ETP and its Affiliates under ETP Plans with respect to such person on and after the Closing Date. The provisions of this Section 5.5(c) and Section 5.5(f) shall not alter the status of the Affected Employees as at-will employees of TPC or its Affiliates. Except as otherwise contemplated by this Agreement, the provisions of this Section 5.5(c) and Section 5.5(f) shall not affect the right of TPC, ETP or any of their Affiliates to amend or terminate any of their employee benefit plans, programs or arrangements with respect to ETP employees generally.

(d) ETP shall be responsible for all Liabilities and obligations under the Worker Adjustment and Retraining Notification Act and similar foreign, state and local rules, statutes and ordinances resulting from the actions of ETP or TPC after the Closing Date. ETP agrees to hold CCE harmless in accordance with Article VIII for any breach of such responsibility and ETP's indemnification of CCE in this regard specifically includes any Claim by the Affected Employees for back pay, front pay, benefits or compensatory or punitive damages, any Claim by any Governmental Authority for penalties regarding any issue of prior notification (or lack thereof) of any plant closing or mass layoff occurring after the Closing Date and CCE's costs, including reasonable attorney's fees, in defending any such Claims.

(e) TPC has established the TPC VEBA, the assets and liabilities of which will be retained by TPC as of the Closing Date. TPC is or will be responsible for those post-retirement medical benefits described in Section 3.12(e)(vii) of the CCE Disclosure Letter or described in and/or valued under the CCE FAS 106 Report. In addition to the CCE FAS 106 Report, the Enron Inactive Medical Plan sets forth eligibility requirements relating to post-retirement medical benefits available to eligible current and former employees and retirees of TPC (and their eligible spouses, surviving spouses and dependents). The post-retirement medical benefits that TPC currently provides to eligible retirees (and their eligible spouses, surviving spouses and dependents) are described in the CCE Under Age 65 SPD and the CCE Medicare Eligible SPD. The employer subsidies that TPC currently makes available under cost sharing arrangements with respect to post-retirement medical benefits are described in the CCE FAS 106 Report as well as in a November 9, 2005 letter to then current TPC employees who had satisfied applicable age, service and hire date eligibility requirements. Both the CCE FAS 106 Report and the November 9, 2005 letter describe fixed dollar per year of service employer subsidies for eligible post-1989 retirees (and their eligible spouses, surviving spouses and dependents). The CCE FAS 106 Report describes a 60 percent employer subsidy for eligible pre-1990 retirees (and their eligible spouses, surviving spouses and dependents). True and complete copies of the CCE FAS 106 Report, the Enron Inactive Medical Plan, the CCE Under Age 65 SPD and the CCE Medicare Eligible SPD, as well as the November 9, 2005 letter have been provided to ETP. Effective as of the Closing Date, ETP shall, or shall cause TPC to, establish a plan to provide post-retirement medical benefits to eligible current and former employees and retirees of TPC (and their eligible spouses, surviving spouses and dependents). The eligibility requirements and employer subsidies under such plan shall be as described in the CCE FAS 106 Report and/or the Enron Inactive Medical Plan, and such eligibility requirements and employer subsidies shall be applied to all Affected Employees, including all Transferring Shared Service Employees, with such Transferring Shared Service Employees receiving prior service credit in accordance with the provisions of Section 5.5(c). Any provision of this

Agreement to the contrary notwithstanding, TPC shall, and ETP shall cause TPC to, take all actions with respect to the partition and distribution of assets and liabilities associated with the Enron VEBA as may be required of TPC by, or contemplated with respect to TPC under, any order of the Bankruptcy Court relating to the Enron VEBA Motion or any order of any other court of competent jurisdiction relating to the partition of assets held under the Enron VEBA and/or the distribution of liabilities associated with the Enron VEBA. For the avoidance of doubt, pursuant to the preceding sentence, TPC shall assume liabilities and the TPC VEBA shall receive certain allocated assets with respect to current and former employees and retirees of TPC, former employees and retirees of former affiliates of TPC who provided services to TPC, and their respective eligible spouses, surviving spouses and dependents, all in accordance with the terms of an order relating to the Enron VEBA Motion or any other order of a court of competent jurisdiction relating to the partition and distribution of assets and liabilities under the Enron VEBA, and all such individuals shall be eligible to participate in the post-retirement medical benefits plan established by TPC or ETP under this Section 5.5(e). Except as otherwise indicated in Section 3.12(e)(vii) of the CCE Disclosure Letter or as otherwise required by Applicable Law or the provisions of a final order entered in connection with the Enron VEBA Motion or by another court of competent jurisdiction relating to the partition and distribution of assets and liabilities under the Enron VEBA, nothing in this Agreement shall prohibit TPC or CCE from exercising their respective rights as the sponsor of TPC's post-retirement medical benefits program to amend, modify or terminate the benefits provided thereunder, whether before or after the Closing Date; provided, however, that between the date hereof and the Closing Date, CCE shall not amend its post-retirement medical benefits program to increase the benefits provided thereunder, reduce retiree contribution or premium rates for coverage thereunder or expand eligibility under such programs.

(f) In the event that, on the Closing Date or during the Continuation Period, (i) the employment of an Affected Employee is terminated by TPC, ETP or an Affiliate of either other than For Cause, (ii) TPC, ETP or an Affiliate of either fails to provide an Affected Employee with at least the same level of Base Compensation as was in effect immediately prior to the Closing Date, or (iii) without the consent of an Affected Employee, TPC, ETP or an Affiliate of either changes the primary work location of such Affected Employee to a location that is more than 50 miles away from the Affected Employee's primary work location immediately prior to the Closing Date, ETP shall be responsible for and shall pay to such Affected Employee, in a lump sum payment, not later than sixty (60) days following the date of the Affected Employee's termination of employment, the following severance benefits (the **"Severance Benefits"**): two (2) weeks of the Affected Employee's Base Compensation for each full or partial year of service measured from the Affected Employee's date of hire reflected in Section 5.5(g) of the CCE Disclosure Letter, not to exceed fifty-two (52) weeks of such Base Compensation; provided, however, that in no event shall such Severance Benefits be less than eight (8) weeks of such Base Compensation. The costs incurred directly or indirectly in connection with the termination of employment of any Affected Employee on or after the Closing Date shall be borne exclusively by ETP. ETP's obligation to provide the Severance Benefits shall be subject to the Affected Employee's execution of a release of all claims against TPC, ETP and the Affiliates of either, and CCE, PEPL and the Affiliates of either, in a form reasonably satisfactory to ETP and CCE. For purposes of this Section 5.5(f), **"Continuation Period"** shall mean the one-year period following the Closing Date. For purposes of this Section 5.5,

"For Cause" shall mean (i) the commission by the Affected Employee of a criminal or other act that causes or is reasonably likely to cause substantial economic damage to TPC or substantial injury to the business reputation of TPC, (ii) the commission by the Affected Employee of an act of fraud, theft or financial dishonesty in the performance of the Affected Employee's duties on behalf of TPC, (iii) the continuing failure or continuing refusal of the Affected Employee to satisfactorily perform the duties of the Affected Employee to TPC, (iv) the material disregard or violation by the Affected Employee of the legal rights of any employees of TPC or of TPC's written policies regarding harassment or discrimination, or (v) any other conduct materially detrimental to TPC's business. For purposes of this Section 5.5(f), **"Base Compensation"** shall mean an Affected Employee's base hourly wages or base salary, as applicable, at termination of employment; provided, however, that in no event shall an Affected Employee's Base Compensation for purposes of calculating the Severance Benefits provided for under this Section 5.5(f) be less than such Affected Employee's base hourly wages or base salary, as applicable, in effect as of the date of this Agreement. For the avoidance of doubt, two weeks of each Affected Employee's Base Compensation as of the date of this Agreement is reflected in the "BiWkly Salary" columns in Section 5.5(g) of the CCE Disclosure Letter.

(g) Section 5.5(g) of the CCE Disclosure Letter sets forth a list of the TPC Employees as of the date hereof, including each such TPC Employee's current annual base compensation, annual bonus, job title, work location, hire date, and vacation balance as of the date of this Agreement, as well as two weeks of each such TPC Employee's Base Compensation as of the date of this Agreement, as reflected in the "BiWkly Salary" columns, for purposes of Section 5.5(f). Also listed in Section 5.5(g) of the CCE Disclosure Letter, as it may be amended as contemplated by this Section 5.5(g), are employees of CCES or PEPL on the date of this Agreement, who provide services to TPC, and who are being made available for transfer to TPC on the date immediately preceding the Closing Date pursuant to the provisions of this Section 5.5(g) (**"Shared Service Employees"**). With respect to each Shared Service Employee, Section 5.5(g) of the CCE Disclosure Letter sets forth, as of the date hereof, such Shared Service Employee's current annual base compensation, annual bonus, job title, work location, hire date, and vacation balance as of the date of this Agreement, as well as two weeks of each such Shared Service Employee's Base Compensation as of the date of this Agreement, as reflected in the "BiWkly Salary" columns, for purposes of Section 5.5(f). In the event that CCE or ETP requests that the list of Shared Service Employees be amended, by adding an employee to the list or deleting an employee from the list within the first thirty (30) days following the execution of this Agreement, the parties agree to negotiate in good faith to determine if such request can be accommodated. Not later than thirty (30) days following the execution of this Agreement, ETP may identify to CCE, in writing, not more than five (5) Shared Service Employees who shall not be transferred to TPC. Each Shared Service Employee not so identified by ETP shall be considered a **"Transferring Shared Service Employee"** under this Agreement. All of the Transferring Shared Service Employees shall be transferred to TPC, and become employees of TPC, on the date preceding the Closing Date. CCE shall pay, or CCE shall cause CCES or PEPL, as applicable, to pay any severance costs relating to any Shared Service Employees who do not become Transferring Shared Service Employees under the preceding provisions of this Section 5.5(g). In accordance with the provisions of Section 5.5(f), ETP shall pay the Severance Benefits, if any, relating to any Shared Service Employees who become Transferring Shared Service Employees under the preceding provisions of this Section 5.5(g). ETP shall, or shall

cause TPC to, pay each Affected Employee a base hourly wage or base salary, as applicable, that is not less than his or her base hourly wage or base salary, as applicable, in effect with TPC, CCES or PEPL, as applicable, immediately prior to the Closing Date. CCE agrees that, within the thirty (30) day period following the execution of this Agreement, neither CCES nor PEPL shall terminate the employment of any Shared Service Employee other than For Cause, without the written consent of ETP. CCE further agrees that, prior to the Closing Date, neither CCES nor PEPL shall terminate the employment of any Transferring Shared Service Employee other than For Cause, without the written consent of ETP.

(h) As soon as administratively feasible after the Closing Date, CCE and PEPL shall transfer to ETP's flexible benefits plan, an amount, in cash, equal to any health care and dependent care balances standing to the credit of Affected Employees under the CCE and PEPL flexible benefit plans (the **"CCE Flex Plans"**) as of the day immediately preceding the Closing Date, and ETP shall, or shall cause TPC to, reimburse Affected Employees for all eligible health and dependent care expenses that would otherwise be payable under the terms of the CCE Flex Plans on or after the Closing Date. As soon as administratively feasible after the Closing Date, CCE shall provide to ETP a list of those Affected Employees who have participated in the health or dependent care reimbursement accounts under the CCE Flex Plans, together with their elections made prior to the Closing Date with respect to such accounts, and balances standing to their credit as of the day immediately prior to the Closing Date.

(i) Affected Employees will be eligible to participate in the Energy Transfer Partners Profit Sharing and 401(k) Plan (the **"ETP 401(k) Plan"**) following the Closing Date. ETP shall take reasonable measures designed to facilitate the ETP 401(k) Plan's acceptance from any Affected Employee of a rollover or direct rollover of all of his or her account balances under the CrossCountry Energy Savings Plan 001, the CrossCountry Energy Savings Plan 002 and/or the Southern Union Savings Plan (each a **"CCE Defined Contribution Plan"**), including his or her loan balances and related loan documentation under the CCE Defined Contribution Plan(s); provided that an Affected Employee shall only be permitted to roll over his or her loan balances and related loan documentation if the Affected Employee makes a rollover or direct rollover of all of his or her account balances under the CCE Defined Contribution Plan or Plans which include the Affected Employee's outstanding loan balances. The trustee or recordkeeper of CCE's Defined Contribution Plans shall transfer to the trustee or recordkeeper of the ETP 401(k) Plan any loan documentation for loans to be rolled over or transferred to the ETP 401(k) Plan pursuant to the provisions of this Section 5.5(i). The provisions of this Section 5.5(i) shall not be construed to require that any Affected Employee roll over or otherwise transfer his or her account balances under a CCE Defined Contribution Plan to the ETP 401(k) Plan. CCE shall, or shall cause PEPL to, fully vest the account balances of all Affected Employees under the CCE Defined Contribution Plans.

(j) Notwithstanding any provisions of the Southern Union Company Annual Incentive Plan (the "**Annual Incentive Plan**") to the contrary, no payment for the 2006 Plan Year (as defined in the Annual Incentive Plan) shall be made to any Affected Employee, and including any accelerated payment pursuant to Section VI of the Annual Incentive Plan), except as provided in this Section 5.5(j). On or before March 15, 2007, ETP shall, or shall cause TPC to, pay to the Affected Employees the amount determined by multiplying, the sum of the total of

the amounts reflected in the "Amount at Midpt" column for the TPC Employees as set forth in Section 5.5(g) of the CCE Disclosure Letter plus the total of the amounts reflected in the "Amount at Midpt" column for the Shared Service Employees who become Affected Employees as set forth in Section 5.5(g) of the CCE Disclosure Letter (as it may be amended pursuant to Section 5.5(g)), by a fraction, the numerator of which is the number of completed calendar months in 2006 occurring on or before the Closing Date, and the denominator of which is twelve (12). Each such Affected Employee who is employed by ETP, TPC or an affiliate of either on the date that the amount determined under the preceding sentence is paid shall receive a percentage, that is not less than nor greater than the percentage reflected in the individual Affected Employee's "Target Bonus Range," of such Affected Employee's "Annual Salary" as reflected in Section 5.5(g) of the CCE Disclosure Letter (as it may be amended pursuant to Section 5.5(g)), multiplied by a fraction, the numerator of which is the number of completed calendar months in 2006 occurring on or before the Closing Date, and the denominator of which is twelve (12). Notwithstanding the foregoing provisions of this Section 5.5(j), no payments for the 2006 Plan Year under the Annual Incentive Plan shall be made to the extent that they are not accrued for the Annual Incentive Plan on the Closing Balance Sheet.

(k) Until the Closing Date, CCE shall provide ETP an opportunity to participate with TPC as a participating employer in discussions regarding the Enron VEBA Motion, including the allocation of assets and liabilities to TPC thereunder, and in settlement negotiations, if any, relating to any proceeding in another court of competent jurisdiction relating to the partition and distribution of assets and liabilities under the Enron VEBA.

Section 5.6 Tax Covenants.

(a) Tax Return Filings, Refunds, and Credits.

(i) CCE shall timely prepare and file (or cause such preparation and filing) with the appropriate Tax authorities all Tax Returns (including any Consolidated Income Tax Returns) due on or before the 30th day following the Closing Date required to be filed by or on behalf of TPC (and make all elections with respect to such Tax Returns) for Tax periods that end on or before the Closing Date, and CCE may timely prepare and file (or cause such preparation and filing) with the appropriate Tax authorities all other Tax Returns (including any Consolidated Income Tax Returns) required to be filed by or on behalf of TPC (and make all elections with respect to such Tax Returns) for Tax periods that end on or before the Closing Date (all such returns required to be prepared and filed or actually prepared and filed by CCE, the "**CCE Returns**").

(ii) ETP shall timely prepare and file (or cause such preparation and filing) with the appropriate Tax authorities all Tax Returns (the "**Straddle Period Returns**") required to be filed by or on behalf of TPC (and make all elections with respect to such Tax Returns) for all Tax periods ending after the Closing Date that include the Closing Date (the "**Straddle Period**"), and ETP shall timely prepare and file (or cause such preparation and filing) with the appropriate Tax authorities all Tax Returns required to be filed by or on behalf of TPC (and make all elections with respect to such Tax Returns) for Tax periods that end on or before the Closing Date, other than CCE

Returns (all such returns required to be prepared and filed by ETP, the "**ETP Returns"**). All ETP Returns shall be prepared in accordance with past practice to the extent consistent with applicable law and the operations of TPC. ETP shall provide CCE with copies of any ETP Returns at least forty-five (45) days prior to the due date thereof (giving effect to any extensions thereto), accompanied by a statement (the "**Straddle Statement**") setting forth and calculating in reasonable detail the Pre-Closing Taxes as defined below. If CCE agrees with the ETP Return and Straddle Statement, the amount of Pre-Closing Taxes shall be as shown thereon. If, within fifteen (15) days of the receipt of the ETP Return and Straddle Statement, CCE notifies ETP that it disputes the manner of preparation of the ETP Return or the amount calculated in the Straddle Statement, and provides ETP its proposed form of ETP Return, a statement setting forth and calculating in reasonable detail the Pre-Closing Taxes, and a written or oral explanation of the reasons for its adjustment, then ETP and CCE shall attempt to resolve their disagreement within the five (5) days following CCE's notification or ETP of such disagreement. If ETP and CCE are unable to resolve their disagreement, the dispute shall be submitted to a mutually agreed upon nationally recognized independent accounting firm, whose expense shall be borne equally by ETP and CCE, for resolution within twenty (20) days of such submission. The decision of such accounting firm with respect to such dispute shall be binding upon ETP and CCE.

(iii) From and after the Closing Date, ETP and its Affiliates (including TPC) will not file any amended Tax Return, carryback claim or other adjustment request by or on behalf of TPC for any Tax period that includes or ends on or before the Closing Date unless CCE consents in writing.

(iv) For purposes of this Agreement, in the case of any Taxes of TPC that are payable with respect to any Straddle Period, the portion of any such Taxes that constitutes "**Pre-Closing Taxes**" shall be the excess of (A) (i) in the case of Taxes that are either (x) based upon or related to income or receipts or (y) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible) be deemed equal to the amount that would be payable if the Tax period ended at the close of business on the Closing Date and (ii) in the case of Taxes (other than those described in clause (i)) imposed on a periodic basis with respect to the business or assets of TPC, be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding Tax period) multiplied by a fraction the numerator of which is the number of calendar days in the portion of the Straddle Period ending on and including the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period over (B) any prepayment or advances of Taxes or any payments of estimated Taxes with respect to the Straddle Period. For purposes of clause (i) of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated to the portion of the Straddle Period ending on the Closing Date on a pro rata basis determined by multiplying the total amount of such item allocated to the Straddle Period by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. In the case of any Tax based upon

or measured by capital (including net worth or long-term debt) or intangibles, any amount thereof required to be allocated under this Section 5.6(a)(iv) shall be computed by reference to the level of such items at the close of business on the Closing Date. The parties hereto will, to the extent permitted by Applicable Law, elect with the relevant Tax authority to treat a portion of any Straddle Period as a short taxable period ending as of the close of business on the Closing Date. For purposes of this Agreement, "**Post-Closing Taxes**" shall include any Taxes of TPC that are payable with respect to a Straddle Period, except for the portion of any such Taxes that constitutes Pre-Closing Taxes. For purposes of this Agreement, the Texas corporate franchise tax determined based on the income or capital of any entity for the year during which the Closing Date occurs shall be considered to be a Tax due with respect to the Straddle Period.

(v) CCE and ETP shall reasonably cooperate in preparing and filing all Tax Returns required to be filed by or on behalf of TPC, including maintaining and making available to each other all records reasonably necessary in connection with Taxes of TPC and in resolving all disputes and audits with respect to all Tax periods relating to Taxes of TPC.

(vi) For a period of six (6) years after the Closing Date, CCE and its representatives shall have reasonable access to the books and records (including the right to make extracts thereof) of TPC to the extent that such books and records relate to Taxes and to the extent that such access may reasonably be required by CCE in connection with matters relating to or affected by the operation of TPC prior to the Closing Date. Such access shall be afforded by ETP upon receipt of reasonable advance notice and during normal business hours. If ETP shall desire to dispose of any of such books and records prior to the expiration of such six-year period, ETP shall, prior to such disposition, give CCE a reasonable opportunity, at CCE's expense, to segregate and remove such books and records as CCE may select.

(vii) If a Tax Indemnified Party receives a refund or credit or other reimbursement with respect to Taxes for which it was indemnified under this Agreement, the Tax Indemnified Party shall pay over such refund or credit or other reimbursement to the Tax Indemnifying Party.

(viii) ETP shall not, and shall cause TPC to not, make, amend or revoke any Tax election if such action would adversely affect any of CCE or its Affiliates with respect to any Tax period ending on or before the Closing Date or for the Pre-Closing Period or any Tax refund with respect thereto unless ETP and its Affiliates indemnify and make CCE and its Affiliates whole for any detriment or cost incurred (or to be incurred) by them as a result of such action.

(ix) For purposes of this Agreement a "**Consolidated Income Tax Return**" is any income Tax Return filed with respect to any consolidated, combined, affiliated or unified group provided for under Section 1501 of the Code and the Treasury regulations under Section 1502 of the Code, or any comparable provisions of state or local law, other than any income Tax Return that includes only TPC.

(b) Indemnity for Taxes.

(i) CCE hereby agrees to indemnify ETP and its affiliates against and hold them harmless from and against all liability for (A) all Taxes that are attributable to CCE or any member of an affiliated, consolidated, combined or unitary Tax group of which TPC (or any direct or indirect predecessor(s) of TPC) was a member at any time on or prior to the Closing Date and not after the Closing Date that is imposed under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Tax law), except to the extent reflected on the TPC Six Month Interim Financial Statements, (B) any Taxes of TPC incurred as a transferee or a successor relating to any full or partial Tax period ending on or before the Closing Date, except to the extent reflected on the TPC Six Month Interim Financial Statements, (C) CCE's portion of Transfer Taxes pursuant to Section 5.6(f), and (D) any Damages arising out of, resulting from, or incurred in connection with any breach or inaccuracy of any representation or warranty set forth in Section 3.16; *provided*, *however*, that the determination of whether such a breach or inaccuracy of Section 3.16(c), (d), or (e) occurred will be made without the Material Adverse Effect qualifications contained therein.

(ii) ETP hereby agrees to indemnify CCE and its Affiliates against and hold them harmless from all liability for (A) all Taxes of TPC with respect to all Tax periods beginning after the Closing Date, (B) Post-Closing Taxes with respect to any Straddle Period, (C) ETP's portion of Transfer Taxes pursuant to Section 5.6(f), (D) all Taxes imposed on TPC with respect to Tax periods ending on or before the Closing Date, and (E) Pre-Closing Taxes with respect to any Straddle Period.

(iii) The obligation of CCE to indemnify and hold harmless ETP, on the one hand, and the obligations of ETP to indemnify and hold harmless CCE, on the other hand, pursuant to this Section 5.6, shall terminate upon the expiration of the applicable statutes of limitations with respect to the Tax Liabilities in question (giving effect to any waiver, mitigation or extension thereof) or if a Claim is brought with respect thereto, until such time as such Claim is resolved.

(c) Certain Payments. ETP and CCE agree to treat (and cause their Affiliates to treat) any payment by CCE under Section 5.6(b) as an adjustment to the property distributed by CCE to ETP in redemption of the 50% CCE Interest for all Tax purposes.

(d) Contests.

(i) After the Closing Date, CCE and ETP each shall notify the other party in writing within ten (10) days of the commencement of any Tax audit or administrative or judicial proceeding affecting the Taxes of TPC that, if determined adversely to the taxpayer (the "**Tax Indemnified Party**") or after the lapse of time would be grounds for indemnification under this Section 5.6 by the other party (the "**Tax Indemnifying Party**" and a "**Tax Claim**"). Such notice shall contain factual information describing any asserted Tax liability in reasonable detail and shall include copies of any notice or other document received from any Tax authority in respect of any such asserted Tax liability. Failure to give such notification shall not affect the indemnification

provided in this Section 5.6 except to the extent the Tax Indemnifying Party shall have been prejudiced as a result of such failure (except that the Tax Indemnifying Party shall not be liable for any expenses incurred during the period in which the Tax Indemnified Party failed to give such notice). Thereafter, the Tax Indemnified Party shall deliver to the Tax Indemnifying Party, as promptly as possible but in no event later than ten (10) days after the Tax Indemnified Party's receipt thereof, copies of all relevant notices and documents (including court papers) received by the Tax Indemnified Party.

(ii) In the case of an audit or administrative or judicial proceeding involving any asserted liability for Taxes relating to any Taxable years or periods ending on or before the Closing Date, CCE shall have the right, at its expense, to control the conduct of such audit or proceeding; *provided, however*, that if CCE does not timely take control of such audit or proceeding, ETP may, at its expense, control the conduct of the audit or proceeding. In the case of an audit or administrative or judicial proceeding involving any asserted liability for Taxes relating to any Straddle Period, ETP shall have the right, at its expense, to control the conduct of such audit or proceeding; *provided, however*, that (A) ETP shall keep CCE reasonably informed with respect to the status of such audit or proceeding and provide CCE with copies of all written correspondence with respect to such audit or proceeding in a timely manner and (B) if such audit or proceeding would be reasonably expected to result in a material increase in Tax liability of TPC for which CCE would be liable under this Section 5.6, CCE may participate in the conduct of such audit or proceeding at its own expense.

(iii) In the case of an audit or administrative or judicial proceeding involving any asserted liability for Taxes relating to any Taxable years or periods beginning after the Closing Date, ETP shall have the right, at its expense, to control the conduct of such audit or proceeding.

(iv) ETP and CCE shall reasonably cooperate in connection with any Tax Claim, and such cooperation shall include the provision to the Tax Indemnifying Party of records and information that are reasonably relevant to such Tax Claim and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(e) Transfer and Similar Taxes. Notwithstanding any other provisions of this Agreement to the contrary, all sales, use, transfer, gains, stamp, duties, recording and similar Taxes, but not including any Federal or state income taxes (collectively, "**Transfer Taxes**") incurred in connection with the transactions contemplated by this Agreement shall be borne equally by ETP and CCE, and CCE shall accurately file all necessary Tax Returns and other documentation with respect to Transfer Taxes and timely pay all such Transfer Taxes. If required by Applicable Law, ETP will join in the execution of any such Return. CCE shall provide copies of any Tax Returns with respect to Transfer Taxes to ETP no later than five (5) days after the due dates of such Tax Returns.

(f) Termination of Tax Sharing Agreements. On or prior to the Closing Date, CCE shall cause all Tax sharing agreements between CCE or any of its Affiliates (as determined immediately after the Closing Date) on the one hand, and TPC on the other hand, to be terminated, and all obligations thereunder shall be settled, and no additional payments shall be made under any provisions thereof after the Closing Date.

Section 5.7 Control of Administrative and Regulatory Proceedings. CCE and ETP agree and acknowledge that, up to the Closing Date, CCE shall be entitled to control, defend and otherwise conduct any administrative or regulatory proceeding involving TPC. CCE will use commercially reasonable efforts to, and will cause TPC to, conduct any administrative or regulatory proceeding in a manner that is intended to maximize the value of TPC on and after the Closing Date. The Parties agree and acknowledge that, prior to the Closing Date, ETP shall be entitled to participate at its expense in any administrative or regulatory proceeding, meeting, or settlement conference, in administrative or regulatory proceedings involving or affecting TPC. The Parties agree and acknowledge that, after the Closing Date, ETP will assume control of any administrative or regulatory proceeding involving or affecting TPC subject to the terms of the TPC Transition Services Agreement.

Section 5.8 Maintenance of Insurance Policies.

(a) CCE and ETP agree that to the extent the Insurance Policies provide coverage, CCE will process the Casualty Insurance Claims relating to the business of TPC (including reported claims and including incurred but not reported claims) and that such Casualty Insurance Claims shall remain with TPC following the Closing. For purposes hereof, "**Casualty Insurance Claims**" shall mean workers' compensation, auto liability, general liability and products liability claims and claims for damages caused to the facilities of TPC generally insured under all risk, real property, boiler and mechanical breakdown insurance coverage all with dates of occurrence prior to the date of Closing. The Casualty Insurance Claims are subject to the provisions of the Insurance Policies with insurance carriers and contractual arrangements with insurance adjusters maintained by CCE or its Affiliates prior to the Closing. With respect to the Casualty Insurance Claims where coverage is available under the Insurance Policies, the following procedures shall apply: (i) CCE or its Affiliates shall continue to administer, adjust, settle and pay, on behalf of TPC, all Casualty Insurance Claims; provided, however, that CCE will obtain the consent of ETP prior to adjusting, settling or paying any Casualty Insurance Claim of an amount greater than $100,000 and provided further, that CCE shall permit ETP to join CCE in any settlement negotiations with claimants, insurers, or insurance adjusters and (ii) CCE shall invoice TPC at the end of each month for Casualty Insurance Claims paid on behalf of TPC. ETP shall cause TPC to pay the invoice within thirty (30) days of its date. In the event that TPC does not pay CCE within thirty (30) days of such invoice, interest at the rate of ten percent (10%) per annum shall accrue on the amount of such invoice. Casualty Insurance Claims to be paid by CCE hereunder shall include all costs necessary to settle claims including compensatory, medical, legal and other allocated expenses, net of insurance proceeds. In the event that any Casualty Insurance Claims exceeds a deductible or self-insured retention under the Insurance Policies, CCE shall be entitled to the benefit of any insurance proceeds that may be available to discharge any portion of such Casualty Insurance Claim.

(b) After the Closing, ETP shall be responsible for, and neither CCE nor any of its Affiliates shall have any responsibility for, the payment of any deductible amounts or underlying limits attributable to the Insurance Policies for Casualty Insurance Claims relating to TPC. ETP acknowledges that certain of the Insurance Policies may require CCE or any of its

Affiliates to provide an indemnity to the insurance carrier for deductible amounts and to provide collateral to secure such indemnity obligations. ETP hereby agrees to indemnify and hold harmless CCE or any of its Affiliates (as applicable) for any and all of the costs of maintaining such collateral and for any charges made against such collateral or indemnification payments in connection with claims arising or alleged to arise from the operations of TPC required to be paid by CCE of any of its Affiliates (as applicable) under or with respect to such Insurance Policies from and after the Closing Date.

(c) Other than as set forth in Section 3.21 hereof, CCE makes no representation or warranty with respect to the applicability, validity or adequacy of any Insurance Policies, and CCE shall not be responsible to ETP or any of its Affiliates for the failure of any insurer to pay under any such Insurance Policy.

(d) Nothing in this Agreement is intended to provide or shall be construed as providing a benefit or release to any insurer or claims service organization of any obligation under any Insurance Policies. CCE and ETP confirm that the sole intention of this Section 5.8 is to divide and allocate the benefits and obligations under the Insurance Policies between them as of the Closing Date and not to affect, enhance or diminish the rights and obligations of any insurer or claims service organization thereunder. Nothing herein shall be construed as creating or permitting any insurer or claims service organization the right of subrogation against CCE or ETP or any of their Affiliates in respect of payments made by one to the other under any Insurance Policy.

(e) If ETP requests a copy of an Insurance Policy relating to a pending or threatened Casualty Insurance Claim, CCE shall provide a copy of all relevant insurance policies which insure such Casualty Insurance Claims within five (5) Business Days, provided, however, that if CCE cannot provide such policy within five (5) Business Days after exercising commercially reasonable efforts to locate such policy, CCE shall continue to exercise its commercially reasonable efforts to provide such policy to ETP as soon as possible thereafter.

(f) Except to the extent specified in this Section 5.8, TPC shall not participate in any insurance policy or program of CCE or any of its Affiliates following the Closing.

Section 5.9 Preservation of Records. ETP agrees that it shall, at its own expense, preserve and keep the records held by it relating to the business of TPC that could reasonably be required after the Closing by CCE for as long as may be required for such categories of records by the time periods required by Applicable Law and in accordance with CCE's document retention practices. In addition, ETP shall make such records available to CCE as may reasonably be required by CCE in connection with, among other things, any insurance claim, legal proceeding or governmental investigation relating to the respective businesses of CCE and its Affiliates, including TPC.

Section 5.10 Public Statements. Neither party shall, nor shall permit its Affiliates to, issue or cause the publication of any press release or other announcement with respect to this Agreement or the transactions contemplated hereby without the consent of the other party hereto, unless such disclosure is required by Applicable Law, or by obligations pursuant to any agreement with any national securities exchange; *provided, however*, that the party intending to

make such release shall give the other parties prior notice and shall use its commercially reasonable efforts consistent with such Applicable Law or obligation to consult with the other parties with respect to the text thereof.

Section 5.11 Assignment of Trademarks.

(a) Effective upon the Closing Date, CCE shall assign or cause to be assigned to TPC, the trademarks, service marks, and trade names listed on Section 5.11 of the CCE Disclosure Letter, together with all slogans, logotypes, designs and trade dress associated therewith, including all applications and registrations therefor, which are, in each case, in existence on the Closing Date and currently being used in the conduct of the business of TPC (collectively, the "**TPC Marks**").

(b) CCE shall use commercially reasonable efforts to assist ETP in protecting and maintaining the rights of TPC in connection with use of the TPC Marks by TPC, including preparation and execution of documents necessary or appropriate in the ordinary course to register TPC Marks and/or record this Agreement. As between the parties, ETP shall have the sole right to, and in its sole discretion may, commence, prosecute or defend, and control any action concerning the TPC Marks.

Section 5.12 Commercially Reasonable Efforts. Upon the terms and subject to the conditions of this Agreement, each of the parties hereto will use, and will cause their respective Affiliates to use, all commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable consistent with Applicable Law to consummate and make effective in the most expeditious manner practicable the transactions contemplated hereby.

Section 5.13 Financial Statements; Financial Records of CCE.

(a) If Closing does not occur on or prior to September 30, 2006, then CCE shall (i) no later than November 15, 2006, prepare and deliver to ETP the CCE Nine Month Interim Financial Statements, (ii) no later than November 15, 2006, cause TPC to prepare and deliver to ETP the TPC Nine Month Interim Financial Statements and (iii) no later than December 1, 2006, cause Citrus to prepare and deliver to ETP the Citrus Nine Month Interim Financial Statements, and CCE shall cause the financial statements referred to in clauses (i), (ii) and (iii) of this sentence to present fairly in all material respects, in accordance with GAAP consistently applied, the financial condition and results of operation of CCE, Citrus and TPC, respectively, as of and for the periods set forth therein, subject, in the case of the CCE Nine Month Interim Financial Statements, the Citrus Nine Month Interim Financial Statements and the TPC Nine Month Interim Financial Statements, to normal recurring year-end adjustments that are not material, either individually or in the aggregate, and the absence of full footnote disclosure. If Closing does not occur on or prior to December 31, 2006, then CCE (w) no later than March 1, 2007, shall prepare and deliver to ETP the CCE 2006 Financial Statements and the Citrus 2006 Financial Statements, and (x) no later than March 1, 2007, cause TPC to prepare and deliver to ETP the TPC 2006 Financial Statements. CCE shall cause the financial statements referred to in clauses (w) and (x) of the preceding sentence to present fairly in all material respects, in accordance with GAAP consistently applied, the financial condition and results of

operation of CCE, Citrus and TPC, respectively, as of and for the periods set forth therein. No later than (y) November 1, 2006, CCE shall prepare and deliver to ETP the CCE Stub Period Income Statements and (z) November 1, 2006, cause TPC and Citrus to prepare and deliver to ETP the TPC Stub Period Financial Statements and the Citrus Stub Period Financial Statements, respectively. CCE shall cause the financial statements for three month periods referred to in clauses (y) and (z) of the preceding sentence to fairly present in all material respects, in accordance with GAAP consistently applied, subject to normal recurring year-end adjustments that are not material, either individually or in the aggregate, and the absence of full footnote disclosure, and shall cause the financial statements for one month periods referred to in clauses (y) and (z) of the preceding sentence to be prepared in a manner not inconsistent with the financial statements for the quarterly period from which such one month financial statements were taken.

(b) CCE shall use commercially reasonable efforts, at ETP's expense, to (i) cause the CCE Financial Statements, the Citrus Financial Statements and the TPC Financial Statements to be modified so that the CCE Financial Statements, the Citrus Financial Statements and the TPC Financial Statements comply in all material respects with the requirements of Regulation S-X, as adopted by the SEC, and (ii) deliver such modified financial statements to ETP (A) no later than November 1, 2006 in the case of the CCE Annual Financial Statements, the Citrus Annual Financial Statements, the TPC Annual Financial Statements, the CCE Six Month Interim Financial Statements, the Citrus Six Month Interim Financial Statements and the TPC Six Month Interim Financial Statements, (B) no later than December 15, 2006 in the case of the CCE Nine Month Interim Financial Statements, the Citrus Nine Month Interim Financial Statements and the TPC Nine Month Interim Financial Statements, (C) no later than March 1, 2007 in the case of the CCE 2006 Financial Statements and the Citrus 2006 Financial Statements and (D) no later than March 15, 2007 in the case of the TPC 2006 Financial Statements; provided, however, that notwithstanding the foregoing, such modified financial statements shall only be required to be delivered by CCE to ETP to the extent that the corresponding non-modified financial statements contemplated by Section 5.13(a) are required to be delivered by CCE to ETP.

(c) CCE consents to the inclusion or incorporation by reference of the CCE S-X Financial Statements, the Citrus S-X Financial Statements and the TPC S-X Financial Statements in any registration statement, report or other document of ETP or any of its Affiliates to be filed with the SEC in which ETP or such Affiliates reasonably determines that the CCE S-X Financial Statements, the Citrus S-X Financial Statements and/or the TPC S-X Financial Statements are required to be included or incorporated by reference to satisfy any rule or regulation of the SEC or to satisfy relevant disclosure obligations under the Securities Act or the Exchange Act. CCE shall use commercially reasonable efforts to cause PricewaterhouseCoopers LLP to consent to the inclusion or incorporation by reference of its audit opinion with respect to the CCE 2006 Financial Statements, the CCE Annual Financial Statements, the TPC 2006 Financial Statements, the TPC Annual Financial Statements, the Citrus 2006 Financial Statements and the Citrus Annual Financial Statements in any such registration statement, report or other document. CCE shall execute and deliver to PricewaterhouseCoopers LLP such representation letters, in form and substance customary for representation letters provided to external audit firms by management of the company whose financial statements are the subject of an audit or are subject of a review pursuant to Statement of Accounting Standards 100

(Interim Financial Information) (or any successor statement related to the topic of accountants' comfort letters), as may be reasonably requested by PricewaterhouseCoopers LLP, with respect to the CCE S-X Financial Statements, the Citrus S-X Financial Statements and the TPC S-X Financial Statements. CCE shall use commercially reasonable efforts to cause PricewaterhouseCoopers to deliver a comfort letter in form and substance customary with respect to offerings of securities registered under the Securities Act with respect to the CCE S-X Financial Statements, the Citrus S-X Financial Statements, the TPC S-X Financial Statements and financial information related to CCE, Citrus and/or TPC that is included in a prospectus or offering memorandum related to an offering of securities of the type for which comfort letters are customarily provided to the underwriters or initial purchasers in connection therewith. Any costs related to any of the foregoing described in Sections 5.13(b) and (c), including the preparation of such S-X financial statements, SAS 100 reviews, obtaining any consent of, or comfort letters from, PricewaterhouseCoopers LLP, shall be borne by ETP.

(d) CCE shall, and shall cause its Subsidiaries to, afford to ETP and any of its Affiliates, and their respective accountants, counsel and representatives full reasonable access during normal business hours for three years following the Closing Date to all financial and accounting records, and contracts and other documentation reasonably related thereto, of CCE and its Subsidiaries, including Citrus, to the extent (i) such records and other information are not part of the books and records of TPC delivered to ETP pursuant to Section 5.2(a) hereof and (ii) such records and other information is reasonably necessary for ETP and any of its Affiliates in connection with (A) the preparation of pro forma financial statements related to the transactions contemplated by this Agreement, (B) the preparation of any report or other filing required for compliance with federal or state securities laws, including prospectuses or offering memoranda relating to securities offerings, by ETP or any of its Affiliates, (C) a subsequent audit of the financial statements of CCE or TPC in connection with a change in external audit firms, (D) a subsequent restatement of the financial statements of the financial statements of CCE, Citrus or TPC or (E) any inquiry, investigation or legal proceeding by any Governmental Authority related to the financial statements of CCE, Citrus or TPC.

Section 5.14 Covenants Regarding the 50% CCE Interest.

(a) From and after the date of this Agreement until the closing of the transactions contemplated by the CCE Acquisition Agreement, ETP shall undertake its commercially reasonable efforts to consummate the transactions contemplated by the CCE Acquisition Agreement.

(b) From and after the closing of the transactions contemplated by the CCE Acquisition Agreement until Closing, ETP shall not cause or permit the 50% CCE Interest to be subject to any Encumbrances.

Section 5.15 No-Hire/Non-Solicitation. For a period of twelve (12) months following the Closing Date, neither ETP, TPC nor any of their Affiliates shall, directly or indirectly, hire or solicit (with the exception of any general solicitation of employment through any general advertising medium in the ordinary course of business for employment as an employee or consultant), any employee of CCE or any of its Affiliates, unless such employee's employment is or has been terminated by CCE and its Affiliates.

Section 5.16 CCE Executive Committee. On or immediately prior to the Closing Date, ETP shall cause any members of the executive committee of CCE designated by ETP to have (a) agreed to the appointment of successor members to such executive committee as designated by CCE to take office upon the Closing and (b) submitted their resignations as members of such executive committee effective upon the Closing.

Section 5.17 Directors' and Officers' Indemnification. For a period of not less than six (6) years after the Closing Date, ETP shall cause the certificate of formation and limited liability company or other organizational documents of TPC to continue to include the same provisions concerning the exculpation, indemnification, advancement of expenses to and holding harmless of, all past and present employees, officers, agents, managers and directors of TPC for acts or omissions occurring at or prior to the Closing as are contained in such documents as of the date of execution of this Agreement, and ETP shall cause TPC to honor all such provisions, including making any indemnification payments and expense advancements thereunder. In the event that any indemnifiable claim is asserted or made within such six (6) year period, all rights to indemnification and advancement of expenses in respect of such claim shall continue to the extent currently permitted under TPC's certificate of formation and limited liability company agreement or other organizational documents until such claim is disposed of or all orders in connection with such claim are fully satisfied. CCE agrees to submit any such claims for indemnification for acts or omissions that occurred at or prior to the Closing by any such person to any of its applicable directors' and officers' insurance policy covering the matters that give rise to any such claim and CCE shall use reasonable efforts to obtain such pre-closing insurance coverage on behalf of TPC, if available. CCE makes no representation or warranty with respect to the applicability, validity or adequacy of any directors' and officers' insurance policy covering the matters specified in this Section 5.17 and CCE shall not be responsible to ETP or any of its Affiliates for the failure of any insurer to pay under any such directors' and officers' insurance policy.

Section 5.18 TPC Notes. If any of TPC's $270,000,000 5.39% Senior Unsecured Notes due November 17, 2014 or $250,000,000 5.54% Senior Unsecured Notes due November 17, 2016 are required to be prepaid in accordance with the terms of the TPC Note Purchase Agreement due to a Change of Control (as defined therein) of TPC (as a result of either the transactions contemplated by this Agreement or the CCE Acquisition Agreement), ETP shall use its commercially reasonable best efforts to facilitate TPC's refinancing of such notes (with the cooperation of CCE) and ETP shall bear all costs and expenses (including legal fees) associated with (i) any consent solicitation for amendments to, or waivers under, the TPC Note Purchase Agreement and (ii) any credit facility, bond offering or other financing transaction that is effected to raise funds for the repayment of such notes.

ARTICLE VI
CONDITIONS

Section 6.1 Mutual Conditions to the Closing. The respective obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of each of the following conditions at or prior to the Closing Date:

(a) All waiting periods applicable to the transactions contemplated by this Agreement under any applicable law shall have expired or been terminated, and all filings required by law to be made prior to Closing by CCE or ETP with, and all consents, approvals and authorizations required by law to be obtained prior to Closing by CCE or by ETP from, any Governmental Authority under any law in order to consummate the transactions contemplated by this Agreement shall have been made or obtained (as the case may be), except where the failure to make such filings, or to obtain any such authorizations, individually or in the aggregate, would not have a Material Adverse Effect; *provided, however*, if any consent, approval or authorization from any Governmental Authority the absence of which would not have a Material Adverse Effect is not obtained prior to or at the Closing and, as a result, the transfer of one or more assets, rights or interests is prevented at the Closing, from and after the Closing, CCE and ETP shall continue to use their commercially reasonable efforts to obtain such requisite consent, approval or authorization;

(b) No court of competent jurisdiction or other competent Governmental Authority shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action that has the effect of restraining or enjoining the consummation of the transactions contemplated hereby or imposing a Burdensome Condition; and

(c) The FCC shall have granted its consent to the transfer of control contemplated by this Agreement.

Section 6.2 ETP's Conditions to the Closing. The obligations of ETP to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of each of the following conditions at or prior to the Closing Date:

(a) The representations and warranties of CCE contained in this Agreement (A) if subject to any limitations as to "materiality" or "Material Adverse Effect" shall be true and correct at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), and (B) if not subject to any limitations as to "materiality" or "Material Adverse Effect," shall be true and correct at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date) except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(b) CCE and its Affiliates shall have made all deliveries required under Section 2.5;

(c) CCE shall have performed in all material respects all of its obligations required to be performed by it under this Agreement at or prior to the Closing Date, and ETP shall have received a certificate to such effect executed by an officer of CCE;

(d) ETP shall have received a properly executed statement of CCE dated as of the Closing Date and conforming to the requirements of Treasury Regulation Section 1.1445-2(b)(2);

(e) TPC shall have been fully and unconditionally released as a guarantor of any obligations of CCE or any of its Affiliates (other than TPC);

(f) ETP shall have acquired the 50% CCE Interest pursuant to the CCE Acquisition Agreement;

(g) CCE shall have made the cash distributions as specified in Section 5.1(c);

(h) CCE and PEPL shall have executed and delivered to ETP the TPC Transition Services Agreement; and

(i) all of the Existing TW Holdings Debt, including all unpaid interest and premiums, if any, shall have been repaid.

Section 6.3 CCE's Conditions to the Closing. The obligations of CCE to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of each of the following conditions at or prior to the Closing Date:

(a) The representations and warranties of ETP contained in this Agreement (A) if subject to any limitations as to "materiality" or "Material Adverse Effect," shall be true and correct at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), and (B) if not subject to any limitations as to "materiality" or "Material Adverse Effect," shall be true and correct at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date) except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of ETP to consummate the transactions contemplated by this Agreement;

(b) ETP shall have made all deliveries required under Section 2.6;

(c) ETP shall have performed in all material respects all of its obligations required to be performed by it under this Agreement at or prior to the Closing Date, and CCE shall have received a certificate to such effect executed by an officer of ETP;

(d) CCE shall have received a properly executed statement of ETP dated as of the Closing Date and conforming to the requirements of Treasury Regulation Section 1.1445-2(b)(2);

(e) CCE shall have obtained all approvals, consents and releases that are listed in Section 6.3(e) of the CCE Disclosure Letter;

(f) ETP shall have acquired the 50% CCE Interest pursuant to the CCE Acquisition Agreement; and

(g) CCE shall have made the cash distributions as specified in Section 5.1(c);

ARTICLE VII
TERMINATION AND ABANDONMENT

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Closing Date by:

(a) mutual written consent of the parties;

(b) by either ETP or CCE, upon written notice to the other parties, if the Closing shall not have occurred on or before February 1, 2007 (the "**Initial Termination Date**"); *provided, however*, that if on the Initial Termination Date the conditions to closing set forth in Section 6.1(a) and Section 6.1(b) shall not have been fulfilled but are reasonably capable of being fulfilled no later than March 1, 2007, then, if a written notice requesting an extension of the termination date has been delivered by either ETP to CCE, or by CCE to ETP, at any time during the ten business day period ending on the Initial Termination Date, the termination date shall be extended to March 1, 2007;

(c) by either ETP or CCE upon written notice to the other party, if any of the mutual conditions to the Closing set forth in Section 6.1 shall have become incapable of fulfillment by February 1, 2007 or March 1, 2007, as the case may be, and shall not have been waived in writing by the other party;

(d) by ETP, so long as ETP is not then in breach of its obligations under this Agreement, upon a breach of any covenant or agreement on the part of CCE set forth in this Agreement, or if any representation or warranty of CCE shall have been or become untrue, in each case such that the conditions set forth in Section 6.2 would not be satisfied; *provided, however*, that ETP may not terminate this Agreement if such breach or untruth is capable of being cured by CCE by not later than February 1, 2007 or March 1, 2007, as the case may be, through the exercise of its commercially reasonable efforts, so long as CCE continues to exercise such commercially reasonable efforts (until February 1, 2007 or March 1, 2007, as the case may be);

(e) by CCE, so long as CCE is not then in breach of its obligations under this Agreement, upon a breach of any covenant or agreement on the part of ETP set forth in this Agreement, or if any representation or warranty of ETP shall have been or become untrue, in each case such that the conditions set forth in Section 6.3 would not be satisfied; *provided, however*, that CCE may not terminate this Agreement if such breach or untruth is capable of being cured by ETP by not later than February 1, 2007 or March 1, 2007, as the case may be, through the exercise of its commercially reasonable efforts, so long as ETP continues to exercise such commercially reasonable efforts (until February 1, 2007 or March 1, 2007, as the case may be); and

(f) by either CCE or ETP if any Governmental Authority shall have issued an order, decree or ruling or taken any other action, which permanently restrains, enjoins or otherwise prohibits the transactions contemplated by this Agreement or the CCE Acquisition Agreement and which order, decree, ruling or other action is not subject to appeal; unless failure to consummate closing because of such action by the Governmental Authority is due to the failure of the party seeking to terminate to have fulfilled its obligations under Section 5.3 and Section 5.4.

The right of any party hereto to terminate this Agreement pursuant to this Section 7.1 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any party hereto, any Person controlling any such party or any of their respective officers, directors, representatives or agents, whether prior to or after the execution of this Agreement.

Section 7.2 Effect of Termination. If this Agreement is terminated pursuant to Section 7.1, this Agreement (but not the Confidentiality Agreement) shall become void and of no effect with no liability on the part of any party (or any member, stockholder or representative of such party) to the other party hereto; *provided, however*, that, if such termination shall result from the willful (i) failure of a party to fulfill a condition to the performance of the obligations of the other parties, (ii) failure of a party to perform a material covenant hereof or (iii) breach by a party hereto of any representation or warranty or agreement contained herein, such party shall be fully liable for any and all liabilities and damages incurred or suffered by the other parties as a result of such willful failure or breach; and *provided further*, that notwithstanding the foregoing or anything else in this Agreement to the contrary, the provisions of this Section 7.2 and Article IX shall survive any termination hereof.

ARTICLE VIII
SURVIVAL; INDEMNIFICATION

Section 8.1 Survival.

(a) The representations and warranties provided for in this Agreement shall survive the Closing and remain in full force and effect until the twelve-month (12) anniversary of this Agreement; *provided however*, that the representations and warranties set forth in Section 3.2 (Authority Relative to this Agreement), Section 3.3 (TPC Interests), Section 3.19 (Brokerage and Finders' Fees), Section 4.2 (Authority Relative to this Agreement), Section 4.3 (50% CCE Interests) and Section 4.8 (Brokerage and Finders' Fees) shall survive indefinitely, the representations and warranties set forth in Section 3.16 (Tax Matters) shall survive for a period equal to the applicable statute of limitations for each Tax and taxable year, the representations and warranties set forth in Section 3.15 (Environmental Matters) shall survive until the second (2nd) anniversary of the Closing Date, and the representations and warranties set forth in Section 3.12 (Employee Matters) shall survive for a period equal to the applicable statutes of limitations with respect to the matters described therein. Each covenant and agreement of CCE and ETP contained in this Agreement that by its terms requires performance after the Closing Date shall survive the Closing and shall remain in full force and effect until such covenant or agreement is fully performed.

(b) No Claim for damages or other relief of any kind (including a Claim for indemnification under Section 8.2 hereof) arising against an Indemnified Party out of or relating to this Agreement or the transactions contemplated hereby, whether sounding in contract, tort, breach of warranty, securities law, other statutory cause of action, deceptive trade practice, strict liability, product liability or other cause of action or theory of liability (except, in all cases

Claims alleging fraud, intentional misrepresentation or intentional misconduct), may be brought unless suit thereon is filed, or a written notice describing the nature of that Claim, the theory of liability, the nature of the relief sought and the material factual assertions upon which the Claim is based is given to the other party, before the termination of the Survival Period.

(c) The survival period of each representation or warranty as provided in this Section 8.1 is referred to herein as the "**Survival Period**." Notwithstanding the foregoing, any representation or warranty that would otherwise terminate shall survive with respect to Damages which respect to which suit thereon is filed or of which notice describing the nature of that Claim, the theory of liability, the nature of the relief sought and the material factual assertions upon which the Claim is based is given pursuant to this Agreement prior to the end of the Survival Period, until the matter is finally resolved and any related Damages are paid.

Section 8.2 Indemnification.

(a) Subject to the limitations set forth in this Article VIII, subsequent to the Closing, CCE shall indemnify, defend, save and hold harmless, ETP, TPC, their respective successors and permitted assigns, and their shareholders, members, partners (general and limited), officers, directors, managers, trustees, incorporators, employees, agents, attorneys, consultants and representatives, and each of their heirs, executors, successors and assigns (collectively, the "**ETP Indemnified Parties**"), against and in respect of any and all Damages to the extent incurred by the ETP Indemnified Party arising out of, resulting from or incurred in connection with:

(i) any breach or inaccuracy of any representation or warranty of CCE contained in this Agreement;

(ii) any breach by CCE of any covenant or agreement contained in this Agreement; and

(iii) any Third Party Claim against ETP arising out of or resulting from ETP's indirect ownership interests in CrossCountry Citrus, LLC, Citrus Corp. or any Subsidiaries of Citrus Corp. other than for actions authorized, or intentional acts of omission, by ETP in its capacity as the Class B Member or by any Class B Executive Committee Member under, and as defined in, the CCE LLC Agreement.

(b) Subject to the limitations set forth in this Article VIII, subsequent to the Closing, ETP shall indemnify, defend, save and hold harmless, CCE and its Affiliates, their respective successors and permitted assigns, and their shareholders, members, partners (general and limited), officers, directors, managers, trustees, incorporators, employees, agents, attorneys, consultants and representatives, and each of their heirs, executors, successors and assigns (collectively, the "**CCE Indemnified Parties**") against and in respect of any and all Damages to the extent incurred by the CCE Indemnified Party arising out of, resulting from or incurred in connection with:

(i) any breach or inaccuracy of any representation or warranty of ETP contained in this Agreement;

(ii) any breach by ETP of any covenant or agreement contained in this Agreement; and

(iii) any liability or obligation of TPC, whether arising before or after Closing, to the extent such liability or obligation (x) cannot be properly asserted against CCE under Section 8.2(a) or otherwise by ETP, except to the extent such liability or obligation cannot be properly asserted against CCE because of limitations under Section 8.2(d), and (y) do not arise as a result of any other obligation of CCE to any ETP Indemnified Party arising under this Agreement.

(c) Any Person providing indemnification pursuant to the provisions of this Section 8.2 is referred to herein as an "**Indemnifying Party**," and any Person entitled to be indemnified pursuant to the provisions of this Section 8.2 is referred to herein as an "**Indemnified Party**."

(d) CCE's indemnification obligations contained in Section 8.2(a)(i) shall not apply to any Claim for Damages until the aggregate of all such Damages total $15,000,000 (the "**Threshold Amount**"), in which event CCE's indemnity obligation contained in Section 8.2(a)(i) shall apply to all Claims for Damages in excess of the Threshold Amount, subject to a maximum liability to all Indemnified Parties, in the aggregate, of $75,000,000 (the "**Cap Amount**") for all Claims under Section 8.2(a)(i) in the aggregate; provided, however, that the limitations set forth in this sentence shall not apply with respect to CCE's indemnification obligations related to breaches of the representations and warranties contained in Section 3.2 (Authority Relative to this Agreement) or Section 3.3 (TPC Interests); and provided further that, notwithstanding anything in this Agreement to the contrary, claims for indemnification relating to the representations and warranties contained in Section 3.12(g) will not be subject to the Threshold Amount or the Cap Amount and shall be independently determined without regard to such limitations. Damages relating to any single breach or series of related breaches of CCE's representations and warranties shall not constitute Damages, and therefore shall not be applied towards the Threshold Amount or be indemnifiable hereunder, unless such Damages relating to any single breach or series of related breaches exceed $300,000 (the "**Minimum Claim Amount**").

(e) ETP's indemnification obligations contained in Section 8.2(b)(i) shall not apply to any Claim for Damages until the aggregate of all such Damages equals the Threshold Amount, in which event ETP's indemnification obligation contained in Section 8.2(b)(i) shall apply to all Claims for Damages in excess of the Threshold Amount, subject to a maximum liability to all Indemnified Parties, in the aggregate, of the Cap Amount for all Claims under Section 8.2(b)(i) in the aggregate; *provided, however*, that the limitations set forth in this sentence shall not apply with respect to ETP's indemnification obligations related to breaches of the representations and warranties contained in Section 4.2 (Authority Relative to this Agreement) or Section 4.3 (50% CCE Interests). Damages relating to any single breach or series of related breaches of ETP's representations and warranties shall not constitute Damages, and therefore shall not be applied towards the Threshold Amount or be indemnifiable hereunder, unless such Damages relating to any single breach or series of related breaches exceeds the Minimum Claim Amount.

(f) The indemnification obligations of each party hereto under this Section 8.2 shall inure to the benefit of the ETP Indemnified Parties and CCE Indemnified Parties, and such ETP Indemnified Parties and CCE Indemnified Parties will be obligated to keep and perform the obligations imposed on an Indemnified Party by this Section 8.2, on the same terms as are applicable to such other party.

(g) In all cases in which a Person is entitled to be indemnified in accordance with this Agreement, such Indemnified Party shall be under a duty to take all commercially reasonable measures to mitigate all losses. Without limiting the foregoing, each Indemnified Party shall use its commercially reasonable efforts to collect any amount available under insurance coverage, or from any other Person alleged to be responsible, for any Damages for which an indemnity claim is being made; *provided, however*, that the reasonable costs incurred by the Indemnified Party in taking such measures shall be included in the amount of any Claim.

(h) An Indemnified Party shall not be entitled under this Agreement to multiple recovery for the same losses. If an Indemnified Party receives any amount under applicable insurance policies, or from any other Person alleged to be responsible for any Damages, subsequent to an indemnification payment by the Indemnifying Party, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by such Indemnifying Party in connection with providing such indemnification payment up to the amount received by the Indemnified Party, net of any expenses incurred by such Indemnified Party in collecting such amount.

(i) All amounts paid by CCE or ETP, as the case may be, under this Article VIII shall be treated as adjustments to the property distributed by CCE to ETP in redemption of the 50% CCE Interest for all Tax purposes.

(j) Notwithstanding any other provision in the Agreement to the contrary, this Section 8.2 shall not apply to any Claim of indemnification with respect to Tax matters. Claims for indemnification with respect to Tax matters shall be governed by Section 5.6.

(k) For purposes of this Article VIII only, the existence of a breach of a representation or warranty in this Agreement and the calculation of Damages arising out of a breach of any representation or warranty in this Agreement shall be determined without giving effect to any exception or qualification of such representation or warranty as to the materiality of the breach thereof or the Material Adverse Effect on any Person of such breach.

Except as provided in Section 5.6 hereof, the provisions of this Article VIII shall constitute the sole and exclusive remedy of any Indemnified Party for Damages arising out of, resulting from or incurred in connection with any inaccuracy in any representation or the breach of any warranty made by ETP, on the one hand, or CCE, on the other hand, in this Agreement; *provided, however*, that this exclusive remedy for Damages does not preclude a party from bringing an Action for specific performance or other equitable remedy to require a party to perform its obligations under this Agreement; provided further, that this exclusive remedy for Damages does not preclude a party from bringing an Action alleging fraud, intentional misrepresentation or intentional misconduct without reference to the provisions of this Article VIII.

Section 8.3 Calculation of Damages. The Damages suffered by any Indemnified Party shall be calculated after giving effect to the actual receipt of any available insurance proceeds paid directly to the Indemnified Party. In computing the amount of any insurance proceeds, such insurance proceeds shall be reduced by a reasonable estimate of the present value of future premium increases attributable to the payment of such Claim.

Section 8.4 Procedures for Third-Party Claims.

(a) In the case of any Claim for indemnification arising from a Claim of a third party against an Indemnified Party arising under paragraph 8.2(a) or 8.2(b) as the case may be (a "**Third-Party Claim**"), an Indemnified Party shall give prompt written notice to the Indemnifying Party of any Claim or demand of which such Indemnified Party has knowledge, and as to which it may request indemnification hereunder, specifying (to the extent known) the amount of such Claim and any relevant facts and circumstances relating thereto; *provided*, *however*, that any failure to give such prompt notice or to provide any such facts and circumstances will not waive any rights of the Indemnified Party, except to the extent that the rights of the Indemnifying Party are actually materially prejudiced thereby. The Indemnifying Party shall have the right (and, if it elects to exercise such right, to do so by written notice within thirty (30) days after receiving notice from the Indemnified Party) to defend and to direct the defense against any such Third-Party Claim, in its name or in the name of the Indemnified Party, as the case may be, at the expense of the Indemnifying Party, and with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, unless (i) the Indemnifying Party shall not have taken any action to defend such Third-Party Claim within such thirty (30) day period, or (ii) the Indemnified Party shall have reasonably concluded that there is a conflict of interest between the Indemnified Party and the Indemnifying Party in the conduct of the defense of such Third-Party Claim. Notwithstanding anything in this Agreement to the contrary (other than the last sentence of this Section 8.4(a)), the Indemnified Party, at the expense of the Indemnifying Party (which shall include only reasonable out-of-pocket expenses actually incurred), shall cooperate with the Indemnifying Party and keep the Indemnifying Party fully informed in the defense of such Third-Party Claim. The Indemnified Party shall have the right to participate in the defense of any Third-Party Claim with counsel employed at its own expense; *provided*, *however*, that in the case of any Third-Party Claim (A) described in clause (ii) above, or (B) as to which the Indemnifying Party shall not in fact have employed counsel to assume the defense of such Third-Party Claim within such thirty-day (30-day) period, or (C) that involves assertion of criminal liability on the Indemnified Party, or (D) seeks to force the Indemnified Party to take (or prevent the Indemnified Party from taking) any action, then in each such case the Indemnified Party shall have the right, but not the obligation, to conduct and control the defense thereof for the account of, and at the risk of, the Indemnifying Party, and the reasonable fees and disbursements of such Indemnified Party's counsel shall be at the expense of the Indemnifying Party. Except as provided in the last sentence of Section 8.4(b), the Indemnifying Party shall have no indemnification obligations with respect to any Third-Party Claim which shall be settled by the Indemnified Party without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, delayed or conditioned.

(b) The Indemnifying Party, if it has assumed the defense of any Third Party Claim as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such Third-Party Claim without the Indemnified Party's prior written

consent (which consent shall not be unreasonably withheld, delayed or conditioned) unless (i) such settlement or judgment relates solely to monetary damages, and (ii) prior to consenting to such settlement or such entry of judgment, the Indemnifying Party delivers to the Indemnified Party a writing (in form reasonably acceptable to the Indemnified Party) which unconditionally provides that, subject to the provisions of Section 8.2(d) or Section 8.2(e), as appropriate, relating to the Minimum Claim Amount, the Threshold Amount and the Cap Amount, the Damages represented thereby are the responsibility of the Indemnifying Party pursuant to the terms of this Agreement and that, subject to the provisions of the Threshold Amount, the Indemnifying Party shall pay all Damages associated therewith in accordance with the terms of this Agreement. The Indemnifying Party shall not, without the Indemnified Party's prior written consent, enter into any compromise or settlement that (x) commits the Indemnified Party to take, or to forbear to take, any action or (y) involves a reasonable likelihood of an imposition of criminal liability on the Indemnified Party, or (z) does not provide for a complete release by such third party of the Indemnified Party. With the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed, the Indemnified Party shall have the sole and exclusive right to settle any Third-Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third-Party Claim involves equitable or other nonmonetary relief against the Indemnified Party or involves a reasonable likelihood of an imposition of criminal liability on the Indemnified Party, and shall have the right to settle any Third-Party Claim involving money damages for which the Indemnifying Party has not assumed the defense pursuant to this Section 8.4.

Section 8.5 Procedures for Inter-Party Claims. In the event that an Indemnified Party determines that it has a Claim for Damages against an Indemnifying Party hereunder (other than as a result of a Third-Party Claim), the Indemnified Party shall give prompt written notice thereof to the Indemnifying Party, specifying the amount of such Claim and any relevant facts and circumstances relating thereto, and such notice shall be promptly given even if the nature or extent of the Damages is not then known. The notification shall be subsequently supplemented within a reasonable time as additional information regarding the Claim or the nature or extent of Damages resulting therefrom becomes available to the Indemnified Party. Any failure to give such prompt notice or supplement thereto or to provide any such facts and circumstances will not waive any rights of the Indemnified Party, except to the extent that the rights of the Indemnifying Party are actually materially prejudiced thereby. The Indemnified Party and the Indemnifying Party shall negotiate in good faith for a thirty-day (30-day) period regarding the resolution of any disputed Claims for Damages. Promptly following the final determination of the amount of any Damages claimed by the Indemnified Party, the Indemnifying Party, subject to the limitations of the Minimum Claim Amount, Threshold Amount and the Cap Amount, shall pay such Damages to the Indemnified Party by wire transfer or check made payable to the order of the Indemnified Party.

ARTICLE IX
MISCELLANEOUS PROVISIONS

Section 9.1 Interpretation. Unless the context of this Agreement otherwise requires, (a) words of any gender include the other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (d) the terms "Article,"

"Section" and "Exhibit" refer to the specified Article, Section and Exhibit of this Agreement, respectively; and (e) "including," shall mean "including, but not limited to." Unless otherwise expressly provided, any agreement, instrument, law or regulation defined or referred to herein means such agreement, instrument, law or regulation as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of a law or regulation) by succession of comparable successor law and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein.

Section 9.2 Disclosure Letter. The CCE Disclosure Letter is incorporated into this Agreement by reference and made a part hereof.

Section 9.3 Payments. All payments set forth in this Agreement and Exhibits are in United States Dollars. Such payments shall be made by wire transfer of immediately available funds or by such other means as the parties to such payment shall designate.

Section 9.4 Expenses. Except as expressly set forth in Section 7.2 and in this Section 9.4, or as agreed upon in writing by the parties, whether or not the transactions contemplated hereby are consummated, each party shall bear its own costs, fees and expenses, including the expenses of its Representatives, incurred by such party in connection with this Agreement and the Related Agreements and the transaction contemplated hereby and thereby; *provided*, *however*, that CCE shall be solely responsible for all legal, accounting and other fees, costs and expenses incurred by CCE, and TPC in connection with the negotiation, execution and closing of this Agreement.

Section 9.5 Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York (regardless of the laws that might otherwise govern under applicable New York principles of conflicts of law).

Section 9.6 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party; *provided*, *however*, that without the prior written consent of the other party, each party shall have the right to assign its rights and obligations under this Agreement to any third party successor to all or substantially all of its entire business. This Agreement shall be binding upon and, subject to the terms of the foregoing sentence, inure to the benefit of the parties hereto and their successors, legal representatives and assigns.

Section 9.7 Notices. All demands, notices, consents, approvals, reports, requests and other communications hereunder must be in writing, will be deemed to have been duly given only if delivered personally or by facsimile transmission (with confirmation of receipt) or by an internationally-recognized express courier service or by mail (first class, postage prepaid) to the parties at the following addresses or telephone or facsimile numbers and will be deemed effective upon delivery; *provided*, *however*, that any communication by facsimile shall be confirmed by an internationally-recognized express courier service or regular mail.

(i) If to CCE:

c/o Southern Union Company
5444 Westheimer Road

Houston, Texas 77056
Attention: Julie H. Edwards,
SVP and CFO
Facsimile: (713) 989-1166

With a required copy (which shall not constitute notice to CCE) to:

Southern Union Company
5444 Westheimer Road
Houston, Texas 77056
Attention: Monica M. Gaudiosi,
SVP and Associate General Counsel
Facsimile: (713) 989-1213

And a required copy (which shall not constitute notice to CCE) to:

Fleischman and Walsh, L.L.P.
1919 Pennsylvania Avenue, NW, Suite 600
Washington, DC 20006
Attention: Seth M. Warner
Facsimile: (202) 265-5706

(ii) If to ETP:

Energy Transfer Partners, L.P.
8801 South Yale Avenue
Tulsa, Oklahoma 74137
Attention: Robert A. Burk
Vice President and General Counsel
Facsimile: (918) 493-7290

And a required copy (which shall not constitute notice to ETP) to:

Vinson & Elkins L.L.P.
1001 Fannin Street
2300 First City Tower
Houston, Texas 77002
Attention: Thomas P. Mason, Esq.
Telephone: (713) 758-4539
Facsimile: (713) 615-5320

or to such other address as the addressee shall have last furnished in writing in accord with this provision to the addressor.

Section 9.8 Consent to Jurisdiction. Each party shall maintain at all times a duly appointed agent in the State of New York, which may be changed upon ten (10) Business Days' notice to the other party, for the service of any process or summons in connection with any issue, litigation, action or proceeding brought in any such court. Any such process or summons may also be served on it by mailing a copy of such process or summons to it at its address set forth, and in the manner provided, in Section 9.7. Each party hereby irrevocably consents to the exclusive personal jurisdiction and venue of any New York State court located in the Borough of Manhattan or to any United States Federal court of competent jurisdiction located in the Southern District of the State of New York, in any action, Claim or proceeding arising out of or in connection with this Agreement and agrees not to commence or prosecute any action, Claim or proceeding in any other court. Each of the parties hereby expressly and irrevocably waives and agrees not to assert the defense of lack of personal jurisdiction, forum non conveniens or any similar defense with respect to the maintenance of any such action or proceeding in New York.

Section 9.9 No Right of Setoff. Neither party hereto nor any Affiliate thereof may deduct from, set off, holdback or otherwise reduce in any manner whatsoever against any amounts such Persons may owe to the other party hereto or any of its Affiliates any amounts owed by such Persons to the other party or its Affiliates.

Section 9.10 Time is of the Essence. Time is of the essence in the performance of the provisions of this Agreement.

Section 9.11 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity, subject to the limitations set forth in Section 7.2 of this Agreement.

Section 9.12 Entire Agreement. This Agreement, together with the CCE Disclosure Letter, the Exhibits hereto and the Confidentiality Agreement constitute the entire agreement between the parties hereto with respect to the subject matter herein and supersede all previous agreements, whether written or oral, relating to the subject matter of this Agreement and all prior drafts of this Agreement, all of which are merged into this Agreement. No prior drafts of this Agreement and no words or phrases from any such prior drafts shall be admissible into evidence in any action or suit involving this Agreement. In case of any material conflict between any provision of this Agreement and any other such document, this Agreement shall take precedence.

Section 9.13 Third Party Beneficiaries. Except as expressly provided in Article VIII hereof, none of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including any creditor of any party or any of their affiliates. Except as expressly provided in Article VIII hereof, no such third party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any Claim in respect of any Liability (or otherwise) against either party hereto.

Section 9.14 Counterparts. This Agreement may be executed in two or more counterparts, which, when executed, shall be deemed to be an original and which together shall constitute one and the same document.

Section 9.15 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any applicable present or future law, and if the rights or obligations of either party under this Agreement will not be materially and adversely affected thereby, (i) such provision shall be fully severable, (ii) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

Section 9.16 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

Section 9.17 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party or parties waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

Section 9.18 Amendment. This Agreement may be altered, amended or changed only by a writing making specific reference to this Agreement and signed by duly authorized representatives of each party.

IN WITNESS WHEREOF, CCE and ETP, by their duly authorized officers, have executed this Agreement as of the date first written above.

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners GP, L.P., its general partner

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Kelcy Warren

Name: Kelcy Warren
Title: Co-Chief Executive Officer

CCE HOLDINGS, LLC

By: /s/ Drew Fossum

Name: Drew Fossum
Title: Sr. VP & CLO

CCE’S DISCLOSURE SCHEDULES

Section 1.1(a) KNOWLEDGE

Robert O. Bond
Gary W. Lefelar
Shelley A. Corman
Don R. Hawkins
Michael T. Langston
Gary P. Smith
William A. Kendrick

Section 1.1((b)
Pro Forma Adjusted Balance Sheet

See Appendix 1.1(b)

TRANSWESTERN PIPELINE COMPANY, LLC
PRO FORMA ADJUSTED BALANCE SHEET
As of 06/30/06
($000)

Appendix 1.1(b)

	June 2006	Remove debt from Current (a)	Reflect Dividend (b)	Total
Assets				
Current Assets				
Cash	22,141		(22,000)	141
Accounts Receivable - Assoc Co's	119			119
Accounts Receivable - Other	18,722			18,722
Transportation and Exchange Gas Receivable	5,418			5,418
Materials and Supplies	950			950
Other Current Assets	4,949			4,949
Total Current Assets	52,299		(22,000)	30,299
Property, Plant & Equipment				
Property, Plant & Equipment, Gross	1,084,468			1,084,468
Accumulated Depreciation	(33,396)			(33,396)
Property, Plant & Equipment, Net	1,051,072			1,051,072
Other Assets	113,289			113,289
Goodwill				
Regulatory Assets	62,561			62,561
Other Long Term Assets	38,897			38,897
Total Other Assets	214,747			214,747
Total Assets	1,318,118		(22,000)	1,296,118
Liabilities & Membership Interest				
Current Liabilities				
Accounts Payable - Assoc Co's	3,601			3,601
Accounts Payable - Other	1,857			1,857
Transportation and Exchange Gas Payable	6,476			6,476
Accrued Taxes, other than income	6,477			6,477
Accrued Interest	3,415			3,415
Other Current Liabilities	10,656			10,656
Total Current Liabilities	32,482			32,482
Other Liabilities	520,000			520,000
Long Term Debt, Senior Notes				
Long Term Debt, Revolver				
Other Long Term Liabilities	11,708			11,708
Total Other Liabilities	531,708			531,708
Total Liabilities	564,190			564,190
Member's Equity	753,928		(22,000)	731,928
Total Liabilities & Membership interest	1,318,118		(22,000)	1,296,118
Pro Forma Working Capital				(2,183)

(a) to exclude any short term debt or current portions of long term debt from Working Capital by reclassifying to non-current
(b) to reflect the Impact of the TWP portion of the payment of an anticipated $50 million cash distribution to the members of CCE prior to closing

Section 3.1(b)
QUALIFICATION

1. Arizona
2. Colorado
3. New Mexico
4. Oklahoma
5. Texas

Section 3.2
AUTHORITY RELATIVE TO THIS AGREEMENT

None.

Section 3.3(a)
TPC INTERESTS

The rights contained in the Amended and Restated Limited Liability Company Agreement of CCE Holdings, LLC, as amended.

Section 33(b)
TPC INTERESTS

None.

Section 3.3(c)
TPC INTERESTS

None.

Section 3.4
CONSENTS AND APPROVALS

1. **Consent of the Missouri Public Service Commission.**
2. **Consent of the Federal Communications Commission.**
3. **Consent of the Massachusetts Department of Telecommunications and Energy.**
4. **Consent required under the Bridge Loan Agreement, dated as of March 1, 2006, by and among Southern Union Company and Enhanced Service Systems, Inc., as the Borrowers, and certain Banks party thereto.**
5. **Consent required under the Fourth Amended and Restated Revolving Credit Agreement dated as of September 29, 2005, as amended by the First Amendment effective as of February 27, 2006, by and among Southern Union Company as the Borrower and the Banks named therein.**
6. **Consents, waivers and/or notices are required under the documents evidencing the Existing TPC Debt and the Existing TW Holdings Debt.**

Section 3.5
NO CONFLICT OR VIOLATION

Section 3.4 of the CCE Disclosure Letter is incorporated herein by reference.

Section 3.7(a)
CONTRACTS

Operational Gas Sales Contracts

1. Base Contract for Short Term Sale and Purchase of Natural Gas dated January 31, 2001 between TPC and Sempra Energy Trading Corp.
2. Base Contract for Sale and Purchase of Natural Gas dated March 17, 2005 between TPC and ConocoPhillips Company.

Gas Transportation Contracts - Firm

1. FTS-1 Firm Transportation Contract (Contract #27252) effective November 1, 2000, by and between TPC and Southwest Gas Corporation.
2. FTS-1 Firm Transportation Contract (Contract # 10281), effective April 1, 2003, by and between TPC and Tenaska Marketing Ventures.
3. FTS-1 Firm Transportation Contract (Contract # 10525), effective January 1, 2004, by and between TPC and Encana Marketing (USA), Inc.
4. FTS-1 Firm Transportation Contract (Contract # 100622), effective June 1, 2003, by and between TPC and Sacramento Municipal Utility District.
5. FTS-1 Firm Transportation Contract (Contract # 101109), effective April 1, 2005), by and between TPC and Agave Energy Co.
6. FTS-1 Firm Transportation Contract (Contract # 25924), effective March 1, 1998, by and between TPC and Chevron U.S.A., Inc.
7. FTS-4 Firm Transportation Contract (Contract # 101078), effective June 1, 2005, by and between TPC and ConocoPhillips Company.
8. FTS-1 Firm Transportation Contract (Contract # 27745), effective June 1, 2002, by and between TPC and Western Gas Resources Inc.
9. FTS-1 Firm Transportation Contract (Contract # 100048), effective June 15, 2002, by and between TPC and Frito Lay Inc.
10. FTS-1 Firm Transportation Contract (Contract # 101479), effective January 1, 2006, by and between TPC and Sempra Energy Trading Corp.
11. FTS-1 Firm Transportation Contract (Contract # 101622), effective May 1, 2007, by and between TPC and Agave Energy Co.
12. FTS-1 Firm Transportation Contract (Contract # 101625), effective November 1, 1998, by and between TPC and Coral Energy Resources, L.P.
13. FTS-1 Firm Transportation Contract (Contract # 27566), effective March 1, 2002, by and between TPC and ConocoPhillips Company.
14. FTS-1 Firm Transportation Contract (Contract # 100524), effective May 1, 2003, by and between TPC and Cross Timbers Energy Services, Inc.
15. FTS-1 Firm Transportation Contract (Contract # 100294), effective November 1, 2003, by and between TPC and ConocoPhillips Company.
16. FTS-1 Firm Transportation Contract (Contract # 101409), effective April 1, 2006, by **and** between TPC and Astra Power LLC.
17. FTS-1 Firm Transportation Contract (Contract # 100583), effective January 1, 2004, by and between TPC and Red Willow Production Company.

18. FTS-1 Firm Transportation Contract (Contract # 101593), effective April 1, 2007, by and between TPC and Sacramento Municipal Utility District.
19. FTS-1 Firm Transportation Contract (Contract # 101595), effective March 1, 2007, by and between TPC and Chevron U.S.A., Inc.
20. FTS-1 Finn Transportation Contract (Contract # 100051), effective June 15, 2002, by and between TPC and United States Gypsum Company.
21. FTS-1 Firm Transportation Contract (Contract # 100303), effective November 1, 2003, by and between TPC and BP Energy Company.
22. FTS-4 Firm Transportation Contract (Contract # 101203), effective November 1, 2005, by and between TPC and PNM Gas Services.
23. FTS-4 Firm Transportation Contract (Contract # 101123), effective May 1, 2005, by and between TPC and Elm Ridge Resources, Inc.
24. FTS-1 Firm Transportation Contract (Contract # 101619), effective May 1, 2007, by and between TPC and Tenaska Marketing Ventures.
25. FTS-1 Finn Transportation Contract (Contract # 27606), effective October 1, 2001, by and between TPC and PNM Gas Services.
26. FTS-1 Firm Transportation Contract (Contract # 100248), effective November 1, 2003) by and between TPC and Agave Energy Co.
27. FTS-1 Firm Transportation Contract (Contract #100749), effective October 1, 2003, by and between TPC and BP Energy Company.
28. FTS-1 Firm Transportation Contract (Contract # 21175), effective March 16, 1992, by and between TPC and Pacific Gas and Electric Company.
29. FTS-4 Firm Transportation Contract (Contract #101316), effective July 1, 2005, by and between TPC and ConocoPhillips Company.
30. FTS-1 Firm Transportation Contract (Contract # 100049), effective July 1, 2005, by and between TPC and Western Gas Resources Inc.
31. FTS-1 Firm Transportation Contract (Contract #101578), effective March 1, 2007), by and between TPC and UNS Gas, Inc.
32. FTS-1 Firm Transportation Contract (Contract # 100050), effective June 15, 2002, by and between TPC and BP Energy Company.
33. FTS-4 Firm Transportation Contract (Contract # 100923), effective May 1, 2005, by and between TPC and Red Willow Production Company.
34. FTS-4 Firm Transportation Contract (Contract # 100927), effective May 1, 2005, by and between TPC and SG Interests I, Ltd.
35. FTS-1 Firm Transportation Contract (Contract # 25025), effective December 1, 1996), by and between TPC and Burlington Resources Trading, Inc.
36. FTS-1 Firm Transportation Contract (Contract # 100052), effective June 15, 2002, by and between TPC and PPL Energyplus, LLC.
37. FTS-1 Firm Transportation Contract (Contract # 21165), effective March 16, 1992, by and between TPC and Pacific Gas and Electric Company.
38. FTS-1 Firm Transportation Contract (Contract # 25071), effective December 1, 1996, by and between TPC and BP Energy Company.
39. FTS-4 Firm Transportation Contract (Contract # 100925), effective May 1, 2005, by and between TPC and Burlington Resources Trading, Inc.
40. FTS-1 Firm Transportation Contract (Contract # 101189), effective November 1, 2005, by and between TPC and Southern California Gas Company.

41. FTS-1 Firm Transportation Contract (Contract # 27642), effective July 1, 2002, by and between TPC and Calpine Energy Services, L.P.
42. FTS-1 Firm Transportation Contract (Contract # 101629), effective April 1, 2007, by and between TPC and Pacific Gas and Electric Company.
43. FTS-1 Firm Transportation Contract (Contract # 101188), effective November 1, 2005, by and between TPC and Southern California Gas Company.
44. FTS-4 Firm Transportation Contract (Contract # 100922), effective May 1, 2005, by and between TPC and ConocoPhillips Company.
45. FTS-4 Firm Transportation Contract (Contract # 100926), effective May 1, 2005, by and between TPC and BP Energy Company.
46. FTS-1 Firm Transportation Contract (Contract # 101427), effective September 1, 2006, by and between TPC and Southwest Gas Corporation.

Certain of these agreements may be supported by parent guarantees or other financial assurances.

Other Material Contracts

1. Section 3.7(b) of the CCE Disclosure Letter is incorporated herein by reference.
2. Phoenix Project Expansion Agreement, dated December 14, 2005, between TPC and Arizona Public Service Company, as amended.
3. Phoenix Project Expansion Agreement, dated December 14, 2005, between TPC and Salt River Project Agricultural Improvement and Power District, as amended.
4. Phoenix Project Expansion Agreement, dated February 14, 2006, between TPC and Southwest Gas Corporation, as amended.
5. Purchase and Sale Agreement, dated February 27, 2006, between TPC, El Paso Natural Gas Company, and Salt River Project Agricultural Improvement and Power District.
6. Compressor Services Related Agreements
    a. Electric Motor Lease Agreements, dated May 28, 2004, by and between Enron Compression Services Company and TPC for Bisti Compressor Station, Bloomfield Compressor Station and Gallup Compressor Station.
    b. Netting Agreements, dated May 28, 2004, by and between TPC and Enron Compression Services Company for Bisti Compressor Station, Bloomfield Compressor Station and Gallup Compressor Station
    c. Assignment Agreements, dated May 28, 2004, by and between TPC and Enron Compression Services Company for Bisti Compressor Station, Bloomfield Compressor Station and Gallup Compressor Station.
    d. Letter Agreement, dated May 28, 2004 between TPC and Enron Compression Services Company for the Expansion of Gallup, Bisti and Bloomfield Compressor Stations
    e Amended and Restated Compression Services Agreement by and between TPC and Enron Compression Services Company for Bisti Compressor Station, Bloomfield Compressor Station and Gallup Compressor Station in accordance with the Letter Agreement of May 28, 2004.

f. Amended and Restated Operations and Maintenance Agreement, by and between TPC and Enron Compression Services Company for Bisti Compressor Station, Bloomfield Compressor Station and Gallup Compressor Station.

g. Assignment and Bill of Sale for Motor and Drive Systems, dated May 28, 2004, by and between ECS Compression Services, L.L.C. and TPC.

h. Purchase and Sale Agreement, dated as of September 21, 2004, by and among Enron Compression Services Company and Paragon ECS Holdings, LLC.

i. Purchase and Settlement Agreement and Mutual Release dated as of April 30, 2004, among Enron Compression Services Company, Inc., ECS Compression Company, LLC, and TPC

j. Purchase and Sale Agreement, dated as of September 21, 2004, by and among Enron Compression Services Company and Paragon ECS Holdings, LLC.

k. Amendment, dated November 12, 2004, approved by TPC and Paragon ECS Holdings, LLC, to Letter Agreement, dated May 28, 2004, between Enron Compression Services Company and TPC.

7. Blanco Hub Facilities: Construction and Ownership Agreement dated November 18, 1991, among Northwest Pipeline Corporation, TPC and Gas Company of New Mexico.

8. LaPlata Facilities: La Plata Facilities Ownership and Operating Agreement dated November 3, 1995, between Northwest Pipeline Corporation and TPC.

9. Extension Agreement between TPC and the Navajo Nation dated May 11, 2001; Memorandum of Understanding dated October 31, 1984 between TPC and the Navajo Nation; Memorandum of Understanding dated March 4, 1991 between TPC and the Navajo Nation and Amendment No. 1 to the Extension Agreement of May 1.1, 2001 between the Navajo Nation and TPC for the Construction of the New San Juan Lateral 36” Loop Line.

10. Right-Of Way Agreement between Southern Ute Indian Tribe, TPC and Northwest Pipeline Corporation dated May 2006.

11. Memorandum of Understanding between TPC and the Pueblo of Laguna dated September 4, 2001.

12. Operating Agreement between Pacific Gas & Electric Company and TPC dated June 27, 1995.

13. Agreement between and TPC and Southern California Gas Company regarding PCB Claims Post-1990 Costs dated May 15, 1992.

14. Work Offer Agreement, No. ESA-60-2003-3833, dated April 24, 2006, by and between TPC and TRC Environmental Corporation.

15. Tasking Letter No. 06TW-PL-5440-003, dated April 24, 2006, between TPC and AMEC Paragon, Inc. Tasking Letter No. 05-TW-PSA-2385, dated April 11, 2006, between TPC and Universal Ensco, Inc.

16. Work Offer Agreement, No. ROW-60-2004-4222, dated May 9, 2006, between TPC and Cinnabar Service Company.

17. Long Term Service Agreement, LTSA-60-2001-4014, dated October 11, 2001, between TPC and GE Oil & Gas, Inc.

18. Purchase Order, P-20070001 for Phoenix Expansion Project; definitive agreement is still under negotiation.

19. Construction Contract, by and between Gregory & Cook Construction, Inc. and TPC for Phoenix Lateral Project; definitive agreement is still under negotiation. A potentially binding agreement to pay Gregory & Cook Construction, Inc. one million dollars in the event the Phoenix Lateral Project is cancelled prior to the end of September and four million dollars in the event the Phoenix Lateral Project is cancelled during the period of October through December 2006.

Section 3.7(b)
MATERIAL CONTRACTS — AFFILIATE CONTRACTS

1. TPC entered into a Cross License Agreement, dated as of March 31, 2004, by and among Enron Corp., Northern Border Intermediate Limited Partnership, Florida Gas Transmission Company, Northern Border Pipeline Company, Enron Operations Services, LLC and Northern Plains Natural Gas Company.
2. Guaranty, dated as of November 17, 2004, by and among CrossCountry Energy, LLC, CrossCountry Energy Services, LLC, CrossCountry Alaska, LLC CrossCountry Citrus, LLC Transwestern Holding Company, LLC and TPC, and Enron Operations Services, LLC, Enron Transportation Services, LLC, EOC Preferred, LLC and Enron Corp.
3. Operator Balancing Agreement between TPC and Panhandle Eastern Pipe Line Company dated October 1, 1994.
4. Operator Balancing Agreement, Contract # 21711 between TPC and Panhandle Eastern Pipe Line Company dated October 1, 1994.
5. Interruptible Transportation Contract # 20903 between TPC and Southern Union Gas Energy, Ltd., dated March 1, 1992.
6. Firm Transportation Contract # 101603 between TPC and Southern Union Gas Energy, Ltd., dated April 1, 2006.
7. Firm Transportation Contract # 101604 between TPC and Southern Union Gas Energy, Ltd., dated April 1, 2006.
8. Supply Pooling Service, Contract# 22666 between TPC and Southern Union Gas Energy, Ltd., dated September 1, 1993.
9. Interconnect Agreement, effective February 15, 1996, by and between TPC and Sid Richardson Pipeline Co.
10. Interconnect Agreement, effective July 30, 1996, by and between TPC and Sid Richardson Pipeline Co.
11. Interconnect Agreement, effective December 1, 1996, by and between TPC and Sid Richardson Pipeline Co.
12. Interconnect Agreement, effective January 9, 1996, by and between TPC and Sid Richardson Pipeline Co.
13. Interconnect Agreement, effective October 16, 1995, by and between TPC and Sid Richardson Pipeline Co.

TPC provides services to its Affiliates and Affiliates of TPC provide services to TPC in the ordinary course of business and pursuant to the Administrative Services Agreement dated November 5, 2004, by and between CCE Holdings, LLC and SU Pipeline Management LP. To the extent that such services are not paid for by the recipient at the time they are rendered, amounts owing in respect of such services are accounted for as receivables or payables, as appropriate, by TPC.

Section 3.7(c)
MATERIAL CONTRACTS — BINDING CONTRACTS

By letter dated May 12, 2006, Calpine Energy Services notified TPC that it was repudiating its transportation services agreement (Contract #27642). TPC has filed two related claims in Calpine's bankruptcy proceeding. The first claim relates to unpaid transportation reservation amounts for the remainder of the contract through 2017. The second claim relates to the $4.6 million corporate guarantee which provided credit support for the transportation arrangement. Calpine's annual reservation payments per the contract total $5.4 million. Calpine has not paid its transportation reservation invoices since March 2006.

Section 3.7(d)
MATERIAL CONTRACTS — DEFAULTED CONTRACTS

None.

Section 3.8
COMPLIANCE WITH LAW

None.

Section 3.9(a)
PERMITS

Sections 3.11 and 3.15 of the CCE Disclosure Letter are incorporated herein by reference.

Section 3.9(b)
TPC PERMITS

Numerous permits, licenses, certificates of authority, orders and approvals are associated with the ownership and operation of an interstate natural gas pipeline. Set forth below is a sampling of such Permits that may be material to TPC for illustrative purposes.

Land Ricks Permits

Various	Bureau of Land Management Grants of Right-of Way
Various	State of Arizona Grants of Right-of Way
Various	State of California Grants of Right-of-Way
Various	State of New Mexico Grants of Right-of-Way
Various	State of Texas Grants of Right-of-Way
Various	United States Forest Service Grants of Right-of-Way
Various	Bureau of Indian Affairs Grants of Right-of-Way
Various	Road Crossing Permits
Various	Railroad Licenses
Various	Water Crossing Permits
Various	Bureau of Indian Affairs Tower Grants or Permits

Environmental Permits

TPC maintains various environmental permits issued by agencies which regulate air emissions or discharges from facility operations. Such permits include, but are not limited to: 17 Title V air emissions permits issued by states, USEPA or the Navajo Nation, nine non-Title V air emissions permits issued by states and six New Mexico Oil Conservation Department (OCD) Discharge Plans.

FERC Permits

See Appendix 3.9(b)

FCC Licenses

	Call Sign	Licensee	FRM	Radio Service	Status	Expiration Date
1	KAP912	TPC	0011523271	IG	Active	05/30/2011
2	KAW224	TPC	0011523271	IG	Active	10/13/2013
3	KBP98	TPC	0011523271	1G	Active	04/06/2013
4	KE4265	TPC	0011523271	1G	Active	05/23/2011
5	KFY657	TPC	0011523271	IG	Active	01/13/2012
6	KGL924	TPC	0011523271	IG	Active	03/05/2013
7	K93697	TPC	0011523271	IG	Active	12/22/2013
8	KJB725	TPC	0011523271	IG	Active	08/05/2013
9	IC1E727	TPC	0011523271	IG	Active	11/06/2014
10	K1G321	TPC	0011523271	IG	Active	05/30/2011
11	10Q289	TPC	0011523271	IG	Active	03/24/2012
12	KKZ281	TPC	0011523271	1G	Active	01/13/2012
13	KK2282	TPC	0011523271	1G	Active	07/21/2014
14	KKZ284	TPC	0011523271	IG	Active	06/10/2011
15	KKZ286	TPC	0011523271	1G	Active	03/16/2014
16	KKZ287	TPC	0011523271	1G	Active	07/21/2014
17	KKZ304	TPC	0011523271	IG	Active	05/11/2012
18	KKZ305	TPC	0011523271	IG	Active	04/19/2011
19	KKZ307	TPC	0011523271	IG	Active	06/20/2014
20	KLG791	TPC	0011523271	1G	Active	02/22/2015
21	KNEF590	TPC	0011523271	IG	Active	11/17/2012
22	KNE I623	TPC	0011523271	IG	Active	01/25/2013
23	KNGD500	TPC	0011523271	IG	Active	03/23/2013
24	KNHX4 I 7	TPC	0011523271	IG	Active	11/29/2013
25	KN1E53 6	TPC	0011523271	IG	Active	01/11/2014
26	KNJJ855	TPC	0011523271	IG	Active	06/13/2014
27	KNJJ856	TPC	0011523271	IG	Active	06/13/2014
28	KNNI500	TPC	0011523271	IG	Active	01/31/2011
29	KNNR655	TPC	0011523271	1G	Active	04/15/2011
30	KNNU918	TPC	0011523271	1G	Active	05/08/2011
31	KOM870	TPC	0011523271	IG	Active	08/09/2014
32	KOM872	TPC	0011523271	IG	Active	01/13/2012
33	KOM874	TPC	0011523271	IG	Active	05/30/2011
34	KPU72	TPC	0011523271	IG	Active	10/18/2011
35	KTE812	TPC	0011523271	IG	Active	06/03/2011
36	WCQ69	TPC	0011523271	IG	Active	03/14/2014
37	WDC561	TPC	0011523271	IG	Active	01/11/2014
38	WNDX5 05	TPC	0011523271	IG	Active	04/23/2013
39	WNFQ370	TPC	0011523271	IG	Active	07/25/2015
40	WNGF772	TPC	0011523271	IG	Active	04/24/2011
41	WN51212	TPC	0011523271	1G	Active	05/21/2012
42	WNJ1529	TPC	0011523271	IG	Active	02/08/2014
43	WNKA363	TPC	0011523271	IG	Active	01/26/2014
44	WNNM556	TPC	0011523271	IG	Active	02/02/2014
45	WNP0988	TPC	0011523271	IG	Active	06/20/2014
46	WNTT239	TPC	0011523271	MG	Active	04/20/2009
47	WNTT240	TPC	0011523271	MG	Active	10/28/2008
48	WNTT557	TPC	0011523271	MG	Active	12/30/2008
49	WNTU3 85	TPC	0011523271	MG	Active	04/20/2009
50	WNTU634	TPC	0011523271	MG	Active	01/13/2009
51	WNVX682	TPC	0011523271	IG	Active	03/27/2011

	Cali Sign	Licensee	FRM	Radio Service	Status	Expiration Date
52	WNVY471	TPC	0011523271	IG	Active	03/29/2011
53	WNWA248	TPC	0011523271	IG	Active	04/08/2011
54	WNWC564	TPC	0011523271	IG	Active	04/1512011
55	WNWQ551	TPC	0011523271	IG	Active	06/25/2011
56	WNXT696	TPC	0011523271	IG	Active	12/01/2014
57	WNXY928	TPC	0011523271	IG	Active	10/25/2014
58	WNYB559	TPC	0011523271	IG	Active	12/17/2011
59	WNYC565	TPC	0011523271	IG	Active	12/31/2011
60	WNYG505	TPC	0011523271	1G	Active	01/24/2012
61	WNZK694	TPC	0011523271	IG	Active	10/25/2014
62	WNZR865	TPC	0011523271	IG	Active	06/09/2012
63	WPBE816	TPC	0011523271	IG	Active	12/01/2012
64	WPBM528	TPC	0011523271	IG	Active	01/12/2013
65	WPDA815	TPC	0011523271	IG	Active	03/05/2013
66	WPDE839	TPC	0011523271	IG	Active	09/17/2013
67	WPEB947	TPC	0011523271	IG	Active	01/24/2014
68	WPED468	TPC	0011523271	IG	Active	02/01/2014
69	WPGB321	TPC	0011523271	IG	Active	11/30/2014
70	WPGS472	TPC	0011523271	1G	Active	03/07/2015
71	WPGS532	TPC	0011523271	1G	Active	03/09/2015
72	WPIS503	TPC	0011523271	IG	Active	10/18/2015
73	WP3F445	TPC	0011523271	MG	Active	06/07/2011
74	WP11391	TPC	0011523271	IG	Active	06/28/2011
75	WPKL233	TPC	0011523271	IG	Active	03/31/2012
76	WPKV495	TPC	0011523271	IG	Active	08/04/2012
77	WPLD684	TPC	0011523271	IG	Active	03/18/2012
78	WPLV278	TPC	0011523271	1G	Active	03/05/2013
79	WPMS873	TPC	0011523271	IG	Active	12/04/2013
80	WPMT448	TPC	0011523271	IG	Active	12/10/2013
81	WPNV836	TPC	0011523271	IG	Active	07/09/2014
82	WPOQ405	TPC	0011523271	MG	Active	08/03/2008
83	WPOQ406	TPC	0011523271	MG	Active	08/03/2008
84	WPOY492	TPC	0011523271	10	Active	09/01/2014
85	WPR77	TPC	0011523271	IG	Active	06/18/2012
86	WPXP622	TPC	0011523271	IG	Active	05/15/2013
87	WPXT315	TPC	0011523271	IG	Active	06/05/2013
88	WQCB633	TPC	0011523271	IG	Active	01/25/2015
89	WQCU748	TPC	0011523271	IG	Active	05/31/2015
90	WQDY871	TPC	0011523271	IG	Active	12/03/2015
91	WQEA476	TPC	0011523271	IG	Active	12/13/2015
92	WQET920	TPC	0011523271	MG	Active	04/13/2016
93	WQH652	TPC	0011523271	IG	Active	07/31/2015
94	WRM32	TPC	0011523271	IG	Active	01/25/2013

APPENDIX 3.9(b)

FERC Permits

1958

G-14871 Application filed for certification to construct and operate a natural gas pipeline system from the Panhandle-Hugoton area of Texas and Oklahoma and the Permian Basin area of Texas and New Mexico to the California-Arizona border near Needles, California and to sell and deliver 300,000 Mcf/day to Pacific Lighting Gas Supply Co for resale in Southern California. Approximately 1.809 miles of pipeline consisting of: 670 miles of 30" pipe (mainline); 485 miles of 24" pipe; 65 miles of 20" pipe; 45 miles of 16" pipe; 108 miles of 12" pipe; 158 miles of 10" pipe; 116 miles of 8" pipe; 103 miles of 6" pipe; and 59 miles of 4" pipe.

Compressor stations: 7,000 HP at Station No. 3, located in Coconino County, Arizona; 7,000 HP at Station No. 5, located in McKinley County, New Mexico; 7,000 HP at Station No. 7, located in Socorro County, New Mexico; 7,000 HP at Station No. 9, located in Chaves County, New Mexico, near Roswell, at the juncture of the 30" mainline with the West Texas and Panhandle lateral systems; 7,000 HP at Station WT-1, located in Eddy County, New Mexico; 1,930 HP at the Keystone Field Station, located in the vicinity of Keystone Field; 1,320 HP at the Hugoton Field Station, located in the vicinity of Hugoton Field and 2,640 HP at Cities Service Field Station, located in the vicinity of Guymon, Beaver County, Oklahoma.

Other facilities include: Metering & regulatory facilities; a carbon dioxide removal plant located in the Puckett Field in Pecos County, Texas and all appurtenant facilities necessary for the operation and maintenance of the foregoing facilities.

Amendment filed, 7/21/58, whereby additional contracts and revisions to Exhibits K, G, G-11, KN, N and P were submitted. Supplement filed 8/30158. Order issued 4/28/59 denying El Paso's Motion for Determination of Adequacy of Markets. Also on 4/28/59 an order was issued dismissing Union Oil's Appeal From Presiding Examiner's Ruling On Admissibility of Evidence. Order Dismissing Petition For Reconsideration Of Commission's Order Dismissing Appeal From Presiding Examiner's Ruling On Admissibility Of Evidence, issued 6/1/59. Opinion And Order (No. 328) Modifying And Adopting Presiding Examiner's Decision As Modified, issued 8/10/59. Order Upon Rehearing Modifying Opinion No. 328 And Order Issued August 10, 1959, issued 9/23/59. Order Amending Order Upon Rehearing Modifying Opinion No. 328 And Order Issued August 10, 1959, issued 9129159. Order On Admissibility of Evidence, issued 4/15/60.

1958

Order Modifying And Adopting Presiding Examiner's Decision As Modified Upon Reopened Proceedings Determining Price Level For Certificates of Public Convenience and Necessity, issued 7/11/62. Order Denying Applications for Rehearing, issued 8/29/62.

Filed:	04/15/58		
Order issued:	04/28/59	21 FPC 594	(1959)
Order issued:	04/28/59	21 FPC 592	(1959)
Order issued:	06/01/59	21 FPC 810	(1959)
Opinion and Order (No. 328):	08/10/59	22 FPC 391	(1959)
Order issued:	09/23/59	22 FPC 542	(1959)
Order issued:	09/29/59	22 FPC 575	(1959)
Order issued:	04/15/60	23 FPC 605	(1960)
Order issued:	07/11/62	28 FPC 109	(1962)
Order issued:	08/29/62	28 FPC 393	(1962)

1960

G-20464 Application filed for certification to construct and operate facilities in areas co-existive with its system to enable applicant to receive and deliver natural gas.

Filed:	04/15/58
Order issued:	04/28/59 21 FPC 594 (1959)
Order issued:	04/28/59 21 FPC 592 (1959)
Order issued:	06/01/59 21 FPC 810 (1959)
Opinion and Order (No. 328):	08/10/59 22 FPC 391 (1959)
Order issued:	09/23/59 22 FPC 542 (1959)
Order issued:	09/29/59 22 FPC 575 (1959)
Order issued:	04/15/60 23 FPC 605 (1960)
Order issued:	07/11/62 28 FPC 109 (1962)
Order issued:	08/29/62 28 FPC 393 (1962)

CP60-26 TW's application for "Budget-Type authority to construct and operate field facilities to enable the receipt of natural gas during 1960. $3,000,000 total; $500,000 single project limit.

Filed:	02/08/60
Order issued:	05/04/60 23 FPC 662 (1960)

CP60-49 Application filed for certification to construct and operate gathering facilities in the Atoka-Penn Field in Eddy County, New Mexico and to deliver gas to Pacific Lighting Gas Supply Co. First supplement filed April 4, 1960.

Filed:	03/07/60
Order issued:	06/11/63 29 FPC 1159 (1963) (See G-20464)
Order & Opinion No. 472 issued:	08/31/65 34 FPC 659 (1965) (See G-20464)

CP60-50 Application filed for certification to construct and operate gathering facilities to receive gas from various producers in Pecos County, Texas and Chaves County, New Mexico and deliver gas to Pacific Lighting Gas Supply Company. Facilities include: approximately 7 miles of 6" pipe, with appurtenances, extending in a northwesterly direction from a point of connection with its existing 24" Panhandle lateral to a point in the Newmill Field, Chaves County, New Mexico to purchase and receive natural gas produced by Charles P. Miller and approximately 18.6 miles of 4" supply pipeline extending in a northeasterly direction from a point of connection with its existing 20" West Texas Lateral to a point in the Putnam and Chenot Fields, Pecos County, Texas to purchase and receive natural gas produced by H.J. Mosser, G.D. Putnam in the Putnam Field and Texas Crude Oil

1960

Company in the Chenot Field. Supplement filed 414/60. On 11/22/61, a Commission letter directed TW to request an amendment to the 10/13/60 Order, to conform such order with the facilities actually constructed by TW. 1/8/62, filed an application to amend the order — submitted revised Exhibits F, G, G-I, G—II and H and a complete explanation for the construction of facilities materially different from those originally authorized. 6111/63, Order issued.

Filed:	03/07/60
Order issued:	10/13/60 24 FPC 876 (1960)
Order issued:	06/11/63 29 FPC 1159 (1963)
Order & Opinion No. 472 issued:	08/31/65 34 FPC 659 (1965)
	(See G-20464)

1961

CP61-63 Application filed for certification to construct and operate facilities to take gas from Continental Oil at the tailgate of its El Mar & Maljamar plants in Lea county, New Mexico. Supplement flied 10/7/60 in response to the Commission's letter of 9/20/60, requesting proof of ability to provide necessary funds as required by Exhibit L. TW

Filed:	09/01/60
Order issued:	06/11/63 29 FPC 1159 (1963) (See G-20464)
Order & Opinion No. 472 issued:	08/31/65 34 FPC 659 (1965) (See G-20464)

CP61-168 TW's application for "Budget-Type authority to construct and operate field facilities to enable the receipt of natural gas during 1961. $3,000,000 total; $500,000 single project limit. Amendment filed 9/6/61 requesting authorization to construct and operate additional well connection facilities.

Filed:	12/21/60
Order issued:	02/28/61 25 FPC 358 (1961)

CP61-243 Application filed for certification to construct and operate gathering facilities to receive gas at the tailgate of a processing plant to be constructed in Bluitt Field, Roosevelt County, New Mexico and at the wellhead from various producers in the field.

Filed:	03/15/61
Temporary authorization granted:	05/12/61
Order issued:	06/11/63 29 FPC 1159 (1963) (See G-20464)
Order & Opinion No. 472 issued:	08/31/65 34 FPC 659 (1965) (See G-20464)

CP61-299 Application filed for certification to construct and operate facilities to exchange gas with El Paso. Facilities include: 6.89 miles of 4412" field lines and appurtenant facilities. Supplement filed 1/22/62 to add 14 wells in Beaver & Ellis Counties, Oklahoma. Second Supplement & amendment filed 8/19/63 to delete nine wells from the application and reflect change of TW's interest in the Jennie **0.** Pearson well. Third supplement filed 7/6/64 to install a tap valve. A petition to amend application was filed 4/23/65 to construct and operate an additional tap & valve to interconnect El Paso's Feldman A No. 2 well and to delete 5 wells from the exchange. Petition to amend order filed to construct and operate an additional tap & valve to connect the Buzzard No. 1-75 well.

Filed:	05/24/61
Order issued:	01/11/65 29 FPC 1159 (1963)
Order issued:	02/21/66 29 FPC 1159 (1963)
Order issued:	04/24/67 29 FPC 1159 (1963)

1962

CP62-185 Section 7(c) application filed for authorization to sell interruptible natural gas to Climax Chemical Company in Lea County, New Mexico using the Monument lateral. Granted temporary authorization on 2/27192.

Filed:	02/09/62
Order issued:	06/15/62 27 FPC 1357 (1962)

CP62-192 Section 7(c) application filed for authorization to use the existing certificated pipeline facilities to enable a direct industrial sale of natural gas to Atlantic Refining Co pursuant to an agreement between parties dated 7/5/61. The gas will be delivered to Atlantic at a point on the existing lateral line in Ward County, Texas. A tap and metering facilities will be installed to enable the sale. 7W commenced the sale under the "mistaken belief that a certificate was not required and filed the application to continue the sale?

Filed:	02/15/61
Order issued:	06/09/62 28 FPC 92 (1962)

CP62-293 Section 7(c) application filed for authorization to sell gas to Pioneer Natural Gas Company, deliver gas at 8 points where there are existing taps and construct approximately 5 taps valves on the 24" mainline in 7 Texas counties.

Filed:	06/06/62
Order issued:	01/11/65 28 FPC (1962)

1963

CP63-143 Section 7(c) application filed for authorization to construct and operate a tap valve on the transmission line in Curry County, New Mexico and the transportation and sale of surplus natural gas, on an interruptible basis, to Southern Union Gas company, for resale through Southern's distribution facilities in Portales, New Mexico.

Filed:	11/22/62
Order issued:	04/03/63 29 FPC 702 (1963)

CP63-204 Application filed for a temporary certificate for authorization to sell gas to Pacific Lighting Gas Supply Company on an emergency basis and to construct and operate Stations No. 1 & No. 8.

Filed:	04/09/63
Temporary certificate denied:	05/03/63
Motion for rehearing filed:	05/08/63
Motion for rehearing denied:	06/04/63 29 FPC 1132 (1963)

1964

CP64-34 Section 7(c) application filed for authorization to sell natural gas to Pacific Lighting Gas Supply Company.

Filed:	08/02/63
Order issued:	12/16/63 30 FPC 1520 (1963)

CP64-90 Section 7(c) application filed for authorization to construct and operate a 650 HP compressor station on the 8" Stratford Lateral and 5.2 miles of 8" pipe along the Strafford Lateral.

Filed:	10/10/63
Supplement filed:	11/13/63
Order issued:	02/18/64 31 FPC 431 (1964)

CP64-237 TW's application for *Budget-Type authority to construct and operate field facilities to enable the receipt of natural gas during 1964. $1,200,000 total; $300,000 single project limit. Amendment filed 6/1/64 adjusting figures to $1,000,000 total; $250,000 single project.

Filed:	04/14/64
Order issued:	06/21/64 32 FPC 228358 (1961)

1965

CP65-6 Section 7(c) application filed for authorization to install and operate a 1,000 HP gas turbine compressor at Keystone Station No. 2.

Filed:	07/06/64
Supplement filed:	07/15/64
Order issued:	09/28/64 32 FPC 864 (1964)

CP65-103 Application filed for authorization to acquire minor gas facilities which were installed by producers in Texas, Kansas and Oklahoma (small diameter gathering lines, dehydrators, metering facilities.).

Filed:	10/15/64
Order issued:	01/13/65 33 FPC 70 (1965)

1966

CP66-288 Section 7(c) application filed for authorization to install and operate a 1,000 HP gas turbine compressor at Keystone Station No. 1 and a 660 **HP** compressor at Atoka.

Filed:	03/14/66
Order issued:	05/12/66 35 FPC 733 (1966)

1967

CP67-81 Section 7(c) application filed for authorization to construct additional facilities on the West Texas Lateral located in Texas and New Mexico; 8 miles of 36" loop adjacent to Compressor Station WT-2 in West Texas and 8 miles of 30" loop adjacent to Compressor WT-1 in Southeast New Mexico.

Filed:	09/26/66
Supplement filed:	12/06/66
Order issued:	02/28/67 75 FPC 421 (1967)

1970

CP70-68 Section 7(c) application filed for authorization to interconnect with El Paso Natural.

Filed:	09/26/69
Order issued;	12/02/69 42 FPC 1052 (1969)

1972

CP72-49 Section 7(c) application filed for authorization to construct 27.27 miles of 16” loop on the Crawford Lateral and install an additional 1,000 HP compressor at the Crawford Station.

Filed:	08/30/71
Approval date:	11/17/71 46 FPC 1226 (1971)

1974

CP74-252 Section 7(c) application filed for authorization to construct and install 19 additional compressors totaling 19,640 HP on the supply system in Beaver County, Oklahoma; Lipscomb, Hemphill, Reeves and Ward Counties, Texas and Eddy County, New Mexico.

Filed:	03/28/74
Supplement **fi**led:	07/05/74
Order issued:	11/27/74 52 FPC 1540 (1974)

1978

CP78-399 Application filed for authorization to purchase pipeline facilities from Diamond Shamrock Corp. in Lipscomb County, Texas.

Filed:	06/28/78
Order issued:	01/24/79 6 FERC ¶ 161,063

(1979)

1979

CP79-326 **TW/CITIES SERVICE.** - Joint application for authorization to exchange up to 75,000 Dth per day. (This gas to be purchased from ONG by TW and delivered to cities by Oklahoma natural at an existing interconnect between Oklahoma natural & Cities Service in Woodward county, Ok and cities Service will concurrently reduce the volumes received by Transwestern at an existing delivery point between Cities & TW in Hemphill County, TX.

Filed:	05/25/79
Order issued:	07/26/79 8 FERC ¶61,067

CP79-422 **MICHIGAN-WISCONSIN PIPELINE CO.** - Joint application for authority to construct and operate a bi-directional metering station and to exchange gas at an interconnect between the two systems, located in Sec. 36, Block B-1, H&GN Survey, Roberts County, Texas. Authority also requested to exchange gas from additional wells attached to respective gathering systems of each applicant as they become available. The gas to be exchanged will be gathered and delivered from various wells located in Beckham County, Oklahoma.

Filed:	07/30/79
Order issued:	01/08/80 10 FERC ¶ 61,020

1980

CP80-9

Petitions to amend the order of January 10, 1980 which authorized the construction of two specified single gas purchase facilities costing in excess of the single project cost limit of $2,500,000. TW constructed 19.7 miles of 12-inch pipeline and appurtenant facilities to connect gas supplies in the Southeast Leedy Field, located in Roger Mills County, Ok and approximately 84,500 feet of 12-inch pipeline, the Feldman Lateral, and appurtenant facilities to connect gas supplies in the Leedy Field located in the same county.

The order issued January 10**,** 1980 was amended to increase the total cost limitation for gas supply facilities during the calendar year 1981 and further amended to authorize the construction of two single onshore projects in excess of the single project cost limitation.

	Filed:	10/12/79
	Order issued:	01/10/80 10 FERC ¶62,013
CP80-9-001	Amendment filed	04/06/81
	Order issued:	07/22/81 16 FERC ¶62,152
	Amendment filed	06/29/82
CP80-9-002		
CP80-9-003		
	Order issued:	09/27/82 20 FERC ¶62,544

CP80-25

TW/CITIES SERVICE GAS COMPANY - Joint application with Cities Service for the exchange of gas which will be gathered by Cities from 9 wells located near their system in Dewey County, Ok and dedicated to TW, Cities will concurrently reduce the volumes received from TW by equivalent quantity at the existing delivery point between Cities and TW located in Hemphill County, TX.

Filed:	10/12/79
Certificate issued:	05/23/80 11 FERC ¶61,201

CP80-155

TW - Application for authorization to transport natural gas for other interstate pipelines for periods not to exceed two years.

Filed:	12/26/79
Certificate issued:	05/27/80 10 FERC ¶ 61,191

CP80-476

TW/OASIS PIPELINE CO. - Applications for authorization to construct an interconnect in Ward and Reeves Counties, Texas to receive gas from Oasis.

Filed:	08/01/80
Certificate issued:	05/27/80 10 FERC ¶ 61,191

1981

CP81-45 **BUDGET-TYPE AUTHORIZATION** - Application pursuant to Sec. 7 for authorization to construct, remove and relocated and for permission for and approval of the abandonment during the calendar year 1981, and operation of field gas compression and related metering and appurtenant facilities. Amendment filed for authorization to increase the total and single project cost limitations during 1981.

Filed:	11/10/80
Order issued:	01/13/81 14 FERC ¶62,024
CP81-45-001 Amendment filed:	04/03/81
Order issued:	08/20/81 16 FERC ¶62,268

CP81-99 **TWIINTRATEX GAS COMPANY** - Application for authority to transport natural gas on behalf of Intratex Gas Company for 10 years, construct, remove and relocate and for approval of the abandonment during 1982, and operation of field gas compression and related metering and appurtenant facilities. TW's application for rehearing was denied and INGAA's and Delhi's petition to intervene was rejected in an order for rehearing issued Sept. 22, 1982.

Filed:	12/12/80
Notice of withdrawal filed:	***04/27/82***
Withdrawal Effective:	***05/25/82***

CP81-267 **TW/ CITIES SERVICE GAS COMPANY** - Original application requested authorization to construct and operate two new 8,000 hp compressor stations, consisting of two 4,000 hp gas turbine-driven centrifugal compressor units, one in Roosevelt County, New Mexico and one in Deaf Smith county, Texas, and 4,000 additional compressor horsepower at an existing compressor station in Gray County, Texas, all on TW's Panhandle Lateral in Texas and New Mexico. On Oct. 22, 1981, Cities Service and on Oct. 23, 1981, Transwestem filed applications for rehearing of the Sept. 24, 1981 order (16 FERC 1161,224). Cities Services application for rehearing was dismissed and TW's application for rehearing was denied.

Filed:	04/01/81
Order issued:	09/241181 16 FERC ¶61,224
Filed for rehearing:	10/23/81
Order issued:	03/03//82 18 FERC ¶61,205

1981

CP82-64 **FIELD COMPRESSION** - Application for authority to construct, remove and relocate and for approval of the abandonment during 1982, and operation of field gas compression and related metering and appurtenant facilities.

Filed:	11/10/81
Certificate Issued:	02/05/82 18 FERC ¶62,163
Order Approving Abandonment:	02/05/82 18 FERC ¶62,163
Certificate Terminated Effective:	11/18/82 date of acceptance of Blanket Certificate

CP82-534 **BLANKET CERTIFICATE** - Application for Blanket Certificate authorizing certain transactions and abandonments. (Implement Section 157.208 thru 157.218.) CP80-9 (issued 01/10180, 10 FERC 1162,013 and CP82-64 (issued 02/05182, 18 FERC 1162,163) were surrendered upon acceptance of this certificate.

Filed:	09/17/82
Certificate Issued:	11/04/82 21 FERC ¶62,190

1985

CP85-441

GREAT PLAINS ABANDONMENT - Application for authority to abandon sales of gas to Great Plains Gas Co. under Rate Schedule RW-1 (2 Mcf/d to residence firm and max of 1,675 Mcf/d and 612,000 Mcf/yr), to operate facilities to make direct sales to Great Plains customers and prior notice to install sales taps and meters (43) under blanket certificate to continue service. On May 28, 1985, TW filed a supplement submitting signed agreements. On July 29, 1985 TW filed an amendment to the application requesting permission to construct and operate a meter station and tap for sales of 3,000 dth/d to Wiley Reynolds & Sons (to serve a subdivision near Pampa, TX) under Rate Schedule SG-1 and to either construct new facilities or acquire facilities to make direct sales to continue service under Rate Schedule RW-1 to Great Plains customers. TW notified the Commission by letter on April 24, 1987 that no facilities were ever acquired or constructed, sales to Great Plains were not abandoned and sales to Reynolds commenced on February 1, 1996.

Filed:	04/16/85
Order issued:	05/28/85 33 FERC ¶61,283
Amendment filed:	07/29/85
Order issued:	11/27/85
Letter filed:	04/24/87

1986

CP86-211

TW/SOUTHWEST GAS - Section 7(c) application filed for certification of metering equipment and a tap (installed under NGPA §. 311 (a)) located in Mohave County, Arizona and to commence sales to South Gas (up to 3,000 MMBtu/d) under Rate Schedule SG-2.

Filed:	11/21/85
Order issued:	06/04/86

CP86-212

TW/Mojave, Kern River, El Dorado, Northwest, El Paso & Standard Pacific Gas - Section 7 application to construct and operate gas pipeline facilities. TW proposes to construct and operate facilities and to provide firm transportation service per this docket. TW proposes to loop all of the unlooped portions of its system between West Texas and California, 358 miles of 30" pipeline to interconnect with Mojave. The new facilities will increase capacity by 320 MMcf per day for which TW seek authority to offer a new firm transportation service under a new CDT-1 Rate Schedule, under which it would recover the incremental costs of the new facilities in addition to fuel use charges.

Filed:	12/ /85
Order Consolidating Proceedings	05/19/86
Order Granting Motion for Summary Disposition And Dismissing Application with Prejudice*	10/27/86

CP86-276

* El Dorado's application for a certificate of public convenience and necessity was dismissed with prejudice for failure to prosecute the application diligently.

ABANDONMENT OF SALES SERVICE - Section 7(b) application requesting permission and approval to abandon sales services under Rate Schedule CDQ-2 and for partial abandonment of Rate Schedule CDQ-3 (to reduce CDQ to 127,214 dth/d), both to Northwest Central.

Filed:	01/16/86
Settlement Filed:	01-16.86
Order issued:	01/28/87 38 FERC 1161,056

1987

CP87-112 **TW/H.L. BROWN RESTRUCTURING** - Section 7(b) and 7(c) application filed jointly by Transwestem and H.L. Brown requesting permission to abandon gas supply facilities by sale to Brown and to restructure certain gas purchase agreements covering properties in Bluitt Field, Roosevelt County, New Mexico. Transwestern requested permission to abandon 12 meter stations and related laterals. Brown requested authorization for the abandonment of sales to the extent Brown's processing of gas results in decreased sales to Transwestern, and a finding that the acquired facilities will be non-jurisdictional under the new arrangement. In addition, Brown requested pre-granted abandonment authorization so that gas released pursuant to the market-out provision of the contract may be sold to another purchaser. Order Approving Abandonment, Denying Application in Part, and Disclaiming Jurisdiction Issued. Request for rehearing filed.

Filed:	12/18/86
Approval date:	10121/87 41 FERC ¶61,055
Order dismissing request for rehearing:	04/07/88 43 FERC ¶61,028

CP87-134 **ABANDONMENT, RECERTIFICATION, AND INITIAL AUTHORIZATION** - Section 7(b) application requesting permission and approval to abandon certain compressors, dehydrators, and miscellaneous facilities and for blanket authority to abandon other miscellaneous auxiliary equipment and for a certificate of public convenience and necessity to construct and operate certain existing facilities and to recertify existing compression facilities.

Filed:	12/18/86
Approval date:	01/21/88 42 FERC 1161,040

CP87-135 **PUCKETT PLANT ABANDONMENT** - Section 7(b) application requesting permission and approval to abandon a gas treatment plant in Pecos County, Texas. Request for clarification filed; order amended.

Filed:	12/18/86
Approval date:	12/15/8741 FERC ¶61,319
CP87-135-001 Amendment approved:	02/16/88 42 FERC ¶61,203

1988

CP88-99 **INTERRUPTIBLE SALES PROGRAM** - Abbreviated application for certificate authority to implement an off-system and on-system interruptible sales service (under Rate Schedule IS-1) and for pregranted authority to abandon this service. Filed an amendment to unbundle sales and transportation services rendered under Rate Schedule IS-1 in order to be able to make sales at the wellhead *and* to transport the gas under Rate Schedule FTS-1 or ITS-1. Order issuing Certificate subject to certain conditions.

Filed:	12/01/87
Approval date:	05/11/88 43 FERC 161,240

CP88-1333 **BLANKET TRANSPORTATION CERTIFICATE -** Transwestem's Application for a Blanket Certificate of Public Convenience and Necessity Authorizing the Transportation of Natural Gas Under an "Open Access" Program pursuant to the terms and conditions of the Commission's Order No. 436 and Part 284 of the Commissions' Regulations.

Filed:	December 17, 1987
Order Issued:	March 1, 1988

1989

CP89-539 **RATE SCHEDULE CDQ-3 ABANDONMENT** - Section 7(b) application for permission and approval to abandon its firm sales of up to 127,214 Dth equivalent of natural gas per day to Williams Natural Gas Company under Transwestem's Rate Schedule CDQ-3, effective February 1, 1989. Transwestem also requests approval to eliminate its Rate Schedule CDQ-3 from its FERC Gas Tariff, effective February 1, 1989. Transwestem also requests the Commission to condition the proposed abandonments by permitting Transwestern to reserve its right to recover from Williams, under the alternative pass-through procedures of Order No. 500, Williams' equitable share of Transwestem's take-or-pay buyout, buydown, and contract reformations costs pursuant to any filing made by Transwestem subsequent to the effective date of the proposed abandonments. Kansas Power and Light Company filed a request for clarification or, in the alternative, rehearing of the October 6, 1989 order.

	Filed:	01/05/89
	Approval date:	10/06/89 49 FERC ¶ 61,021
CP89-539-001	Amendment approved:	04/30/91 55 FERC ¶ 61,156

CP89-696 **CHEVRON USA, INC.** - Prior notice filing for authorization to transport natural gas for Chevron USA, Inc. In the same filing, Transwestem requests a waiver of section 284.223(a) of the Commission's regulations for the transaction.

	Filed:	01/25/89
	Approval date:	02/27/89 FERC ¶ 61,261

CP89-886 **SoCAL STANDBY SALES SERVICE ABANDONMENT** - Section 7(b) application for permission and approval to abandon, effective February 1, 1989, standby sales service provided to Southern California Gas Company (SoCal) under Rate Schedules CDQ-1 and FTS. Request for clarification and/or rehearing filed; rehearing request denied. Clarified the March 20 order; order did not relieve SoCal of responsibility for its allocable share of take-or-pay buy-out, buy-down, and contract reformation costs incurred by Transwestem in standing ready to perform standby sales service to SoCal.

	Filed:	02/23/89
	Approval date:	03/20/90 50 FERC ¶61,379
CP89-886-001	Amendment filed:	04/03/90
	Amendment approved:	04/04/91 55 FERC ¶61,026

CP89-2104 **TWIPANHANDLE EXCHANGE ABANDONMENT** - Joint Section 7(b) application for permission and approval to abandon an exchange of natural gas between Transwestern and Panhandle Eastern Pipe Line Company in Roberts, Hemphill, and Sherman Counties in Texas.

	Filed:	09/15/89
	Approval date:	03/21/90 FERC ¶62,198

1990

CP90-14 **IS SALES AND TRANSPORTATION SERVICE UNBUNDLING** - Section 7(c) application to amend a certificate issued in Docket No. CP88-99-000 authorizing Transwestern to make on-system and off-system interruptible sales of surplus gas. Docket No. CP88-999-000 authorized Transwestem to institute an interruptible sales service (13S) pursuant to new Rate Schedule IS-1 (IS). Amendment filed requesting clarification of the Commission's March 16, 1990 order; Texaco sought clarification and rehearing; rehearing granted in part, and dismissed as moot, in part.

Filed:	10/04/89
Approval date:	03/16/90 50 FERC ¶61,362
CP90-14-002 Amendment filed:	04/16/90
Amendment approved:	02/05/92 58 FERC ¶61,101

CP90-179 **WEST TEXAS LATERAL LOOP LINE** - Section 7(c) application for a certificate of public convenience and necessity authorizing the construction and operation of a loop line and authorizing the operation of two existing emergency interconnections with El Paso Natural Gas Company (El Paso) for general service located in Ward County, Texas. Transwestem also requested authorization to operate two existing interconnections with El Paso in Cibola County, New Mexico and Ward County, Texas for general service.

Filed:	10/31/89
Approval date:	05/23/91 55 FERC ¶62,175

CP90-305 **COASTAL GAS MARKETING COMPANY** - Sec. 157.205 and 284.223 request for authorization to transport natural gas on behalf of Coastal. Up to 400,000 MMbtu per day would be transported from Arizona, New Mexico. Oklahoma and Texas for redelivery to Arizona, New Mexico, Oklahoma and Texas.

Filed:	12/14/89	
Approval date:	?	54 FR 52982

CP90-307 **MOBIL NATURAL GAS** - Sec. 157.205 and 284.223 request for authorization to transport natural gas on an interruptible basis on behalf of Mobil. Up to 20,000 MMbtu per day would be transported.

Filed:	12/12/89	
Approval date:	?	54 FR 52982

CP90-324 **ENRON GAS MARKETING, INC.** - Sec. 157.205 request for authorization to transport natural gas on an interruptible basis on behalf of Enron. Up to 100,000 MMbtu per day would be transported from all receipt points listed in TW's transportation point catalog and delivered to Arizona, New Mexico, Oklahoma and Texas.

Filed:	12/14/89	
Approval date:	?	54 FR 52982

1990

CP90-325 **CIBOLA CORPORATION** - Sec. 157.205 and 283.223 request for authorization to transport natural gas on an interruptible basis on behalf of Cibola. Up to 50,000 MMbtu per day would be transported from Arizona, New Mexico. Oklahoma and Texas and deliver equivalent volumes in Arizona, New Mexico, Oklahoma and Texas.

Filed:	12/12/89	
Approval date:	?	54 FR 52982

CP90-388 **TEXACO GAS MARKETING, INC.** - Sec. 157.205 and 284.223 request for authorization to transport natural gas on an interruptible basis on behalf of Texaco. Up to 750,000 MMbtu per day would be transported from various receipt points on TW's system and delivered to a delivery point in Mohave County, Texas.

Filed:	12/19/90	
Approval date:	?	54 FR 53175

CP90-413 **WILLIAMS GAS MARKETING COMPANY** - Sec. 157.205 and 284.223 request for authorization to transport natural gas on an interruptible basis on behalf of Williams. Up to 50,000 MMbtu per day would be transported.

Filed:	12/26/89	
Approval date:	?	55 FR 469

CP90-521 **U.S. ALLEN NO. 1 COMPRESSOR UNIT 809 ABANDONMENT** - Section 7(b) application requesting permission and approval to abandon a skid-mounted field compressor station in Beaver County, Oklahoma.

Filed:	01/16/90
Approval date:	04/17/90 55 FERC ¶ 61,073

CP90-692 **BRIDGEGAS U.S.A., INC.** - Sec. 157.205 request for authorization to transport natural gas on behalf of BridgeGas under Rate Schedule ITS-1. Up to 100,000 MMbtu per day would be transported from all receipt points listed in TW's transportation point catalog and delivered to Arizona, New Mexico, Oklahoma and Texas.

Filed:	02/07/90	
Approval date:	?	55 FR 5880

CP90-693 **NGC TRANSPORTATION, INC.** - Sec. 157.205 request for authorization to transport natural gas on behalf of NGC. Up to 40,000 MMbtu per day would be transported from all receipt points listed in TW's transportation point catalog and delivered to Arizona, New Mexico, Oklahoma and Texas.

Filed:	02/09/90	
Approval date:	?	55 FR 6425

1990

CP90-698 **WILLIAMS GAS MARKETING COMPANY** - Sec. 157205 request for authorization to transport natural gas on behalf of Williams under Rate Schedule ITS-1. Up to 8,000 MMbtu per day would be transported from all receipt points listed in Dewey and Ellis Counties, Oklahoma and Hemphill County, Texas and delivered to Dewey County, Oklahoma and Hemphill County, Texas.

Filed:	02/08/90	
Approval date:	?	55 FR 5880

CP90-741 **ADOBE GAS MARKETING COMPANY** - Sec. 157.205 and 284.223 request for authorization to transport natural gas on behalf of Adobe under Rate Schedule ITS-1. Up to 40,000 MMbtu per day would be transported.

Filed:	02/13/90	
Approval date:	?	55 FR 6425

CP90-856 **PHILLIPS PETROLEUM COMPANY** - Sec. 157.205 request for authorization to transport natural gas on behalf of Phillips under Rate Schedule ITS-1.

Filed:	03/02/90	
Approval date:	?	55 FR 9170

CP90-926 **GASMARK, INC.** - Sec. 157.205 and 284.223 request for authorization to transport natural gas on behalf of GasMark, Inc. under Rate Schedule ITS-1. Up to 50,000 MMbtu per day would be transported from all receipt points listed in TW's transportation point catalog and delivered to Arizona, New Mexico, Oklahoma and Texas.

Filed:	03/06/90	
Approval date:	?	55 FR 10093

CP90-927 **ENOGEX SERVICES CORP.** - Sec. 157.205 request for authorization to transport natural gas on behalf of Enogex. Up to 10,000 MMbtu per day would be transported from all receipt points listed in TW's transportation point catalog and delivered to Arizona, New Mexico, Oklahoma and Texas.

Filed:	03/06/90	
Approval date:	?	55 FR 10098

CP90-1736 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	07/19/90	
Approval date:	?	55 FR 30505 (1990)

1990

CP90-1912 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/07/90	
Approval date:	?	55 FR 33351 (1990)

CP90-1913 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/07/90	
Approval date:	?	55 FR 33351 (1990)

CP90-1914 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/07/90	
Approval date:	?	55 FR 33351 (1990)

CP90-1923 **NGC TRANSPORTATION** - Sec. 157.205 request for authorization to construct and operate a new delivery point and to provide interruptible transportation service to NGC Transportation, Inc. under Rate Schedule ITS-1. Up to 25,000 Mcf per day would be transported from all receipt points listed in TW's transportation point catalog. NGC will deliver gas to Mewbourne Oil to be used in enhanced oil recovery.

Filed:	08/10/90	
Approval date:	?	55 FR 34061 (1990)

CP90-2294 **SAN JUAN BASIN EXPANSION** - Section 7(c) application for a certificate of public convenience and necessity authorizing the construction and operation of certain pipeline, compression, and related facilities in New Mexico and Arizona which will expand the capacity of the mainline system and connect to that system gas supplies produced in the San Juan Basin. In addition, Transwestern also requests approval of proposed initial rates for firm and interruptible transportation services which it will provide through that portion of the proposed facilities connecting its mainline system to the San Juan Basin.

	Filed:	09/25/90	
	Approval date:	01/17/91	54 FERC ¶61,031
CP90-2294-001	Amendment filed:	02/19/91	
	Amendment approved:	08/01/91	56 FERC ¶61,196
CP90-2294-002	Amendment approved:	03/04/93	62 FERC ¶ 61,209
CP90-2294-003	Amendment filed:	05/22/92	
	Amendment approved:	09/18/92	60FERC ¶ 62,220
CP90-2294-004	Amendment filed:	04/05/93	
	Amendment approved:	04/08/94	67 FERC ¶ 61,037
	Request to Proceed with Construction	09/09/91	

Placed in Service - Mainline/Lateral on 3/1/92 3/09/92 Commenced Construction of Flagstaff Lateral 10/09/92

1991

CP91-29 **HADSON GAS SYSTEMS** - Sec. 157.205 request for authorization to provide interruptible transportation service to Hadson Gas under Rate Schedule ITS-1. Up to 100,000 MMBtu per day would be transported from Arizona, New Mexico. Oklahoma and Texas for redelivery in New Mexico, Oklahoma and Texas.

Filed:	10/05/90	
Approval date:	?	55 FR 41751 (1990)

CP91-30 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	10/05/90	
Approval date:	?	55 FR 41751 (1990)

CP91-31 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	10/05/90	
Approval date:	?	55 FR 41751 (1990)

CP91-31 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	10/05/90	
Approval date:	?	55 FR 41751 (1990)

CP91-316 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	11/08/90	
Approval date:	?	55 FR 48891 (1990)

CP91-494 **NGC TRANSPORTATION** - Sec. 157.205 request for authorization to provide interruptible transportation service to NGC Transportation under Rate Schedule ITS-1. Up to 100,000 Dth per day would be transported from all TW's receipt points for redelivery in Texas and New Mexico.

Filed:	11/27/90	
Approval date:	?	55 FR 50216 (1990)

CP91-507 **UNIT 773 ABANDONMENT** - Section 7(b) application to abandon by removal a compressor unit in Woodward County, Oklahoma on the off-system South Vici gas supply system.

Filed:	11/27/90	
Approval date:	03/13/91	54 FERC 62,174

1991

CP91-651 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	12/18/90	
Approval date:	?	55 FR 53336 (1990)

CP91-870 **NGC TRANSPORTATION** - Sec. 157.205 request for authorization to provide interruptible transportation service to NGC Transportation under Rate Schedule ITS-1. Up to 400,000 MMBtu per day would be transported from Arizona, New Mexico. Oklahoma and Texas for redelivery in New Mexico.

Filed:	01/09/91	
Approval date:	?	56 FR 2512 (1991)

CP91-1040 **SOUTH VICI GATHERING SYSTEM ABANDONMENT** - Section 7(b) application to abandon the South Vici Gathering System and for approval of the proposed accounting treatment of the sale. Transwestern intended to sell the facilities to Panda Resources, Inc.

Filed:	01/29/91	
Approval date:	02/20/92	58 FERC ¶ 61,188

CP91-1057 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	02/05/91	
Approval date:	?	56 FR 6002 (1991)

CP91-1058 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	02/05/91	
Approval date:	?	56 FR 6002 (1991)

CP91-1080 **OXY U.S.A.** - Sec. 157.205 and 284.223 request for authorization to provide interruptible transportation service on behalf of Oxy under Rate Schedule ITS-1. Up to 5,000 MMBtu on a peak day would be transported from Arizona, New Mexico. Oklahoma and Texas for delivery in New Mexico.

Filed:	012/31/91	
Approval date:	?	56 FR 6007 (1991)

1991

CP91-1629 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of a shipper.

Filed:	03/28/91	
Approval date:	?	56 FR 14360 (1991)

CP91-1683 **PUCKETT FIELD COMPRESSOR AND DEHY ABANDONMENT** - Section 7(b) application to abandon four compressor units and two dehydration units in the Puckett field in Pecos County, Texas.

Filed:	04/01/91	
Approval date:	08/16/91	56 FERC 1 162,123

CP91-1916 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	04/29/91	
Approval date:	?	55 FR 21478 (1991)

CP91-1984 **YATES PETROLEUM** - Sec. 157.205, 157.211 and 284.223 Prior Notice request for authorization to install and operate a delivery point to transport natural gas to Yates Petroleum service to NGC Transportation under Rate Schedule ITS-1. Up to 400,000 MMBtu per day would be transported from Arizona, New Mexico. Oklahoma and Texas for redelivery in New Mexico.

Filed:	05/13/91	
Approval date:	?	56 FR 23562 (1991)

CP91-2022 **MEWBOURNE OIL** - Sec. 157.205 Prior Notice request for authorization to provide interruptible transportation service to Mewbourne Oil Company under Rate Schedule ITS-1. Up to 50,000 MMBtu per day would be transported from Arizona, New Mexico. Oklahoma and Texas for redelivery in Arizona, New Mexico, Oklahoma and Texas.

Filed:	05/13/91	
Approval date:	?	56 FR 23576 (1991)

CP91-2087 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	05/24/91	
Approval date:	?	56 FR 25674 (1991)

1991

CP91-2121 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	05/28/91	
Approval date:	?	56 FR 26400 (1991)

CP91-2122 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	05/28/91	
Approval date:	?	56 FR 26400 (1991)

CP91-2123 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	05/28/91	
Approval date:	?	56 FR 26400 (1991)

CP91-2298 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	06/20/91	
Approval date:	?	56 FR 29643 (1991)

CP91-2374 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	07/11/91	
Approval date:	?	56 FR 33427 (1991)

CP91-2760 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/12/91	
Approval date:	?	56 FR 41668 (1991)

1991

CP91-2761 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/12/91	
Approval date:	?	56 FR 41668 (1991)

CP91-2773 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/12/91	
Approval date:	?	56 FR 41668 (1991)

CP91-2905 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	08/30/91	
Approval date:	?	56 FR 45948 (1991)

CP91-3016 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	09/19/91	
Approval date:	?	56 FR 48782 (1991)

CP91-3030 **VARIOUS SHIPPERS** - Sec. 157.205 and 284.223 request for authorization to provide transportation service on behalf of various shippers.

Filed:	09/16/91	
Approval date:	?	56 FR 48199 (1991)

1992

CP92-74

2.55 (b) NOTICE WAIVER AT NEEDLES Filed petition for waiver of the requirement in Section 2.55(b) of the regulations requiring notification to the Commission at least 30 days prior to commencing construction activities to replace existing facilities. This request was necessary in order to upgrade existing pipeline due to the encroachment of a residential subdivision near the Needles measurement station in Mohave Valley, Arizona.

Filed:	10/09/91
Approval date:	10/28/91 57 FERC ¶61,114 (1991)

CP92-202

BLANCO HUB ABANDONMENT Section 7(b) application to abandon by sale to Gas Company of New Mexico (GCNM), jointly with Northwest Pipeline Corporation, equal portions of their undivided interests in the Blanco Hub, located in San Juan county, New Mexico. Northwest requested authority to abandon by sale to Transwestem and GCNM a portion of its interest in a meter station that Northwest constructed for deliveries to GCNM. GCNM was also authorized to acquire an approximate one-third interest in Northwest's and Transwesternts Blanco Hub gas supply facilities.

Filed:	11/20/91
Approval date:	06/29/92 59 FERC ¶61,391 (1992)

CP92-207

MOCANE SYSTEM ABANDONMENT Section 7(b) application to abandon by sale to Continental Natural Gas Company the Mocane Gathering System located in Beaver County, Oklahoma; to abandon a point of interconnection location in Beaver County, Oklahoma, used for exchange of natural gas with El Paso Natural Gas Company; to abandon certificated interstate sales of natural gas to Transwestem upon sale of the facilities to Continental; and authorization to account for the sale of the Mocane System as a normal retirement rather than as a sale of the operation unit or system.

Filed:	11/22/91
Approval date:	08/05/92 60 FERC ¶61,139 (1992)

CP92-243

TOPOCK INTERCONNECT Section 7(c) application requesting a certificate of public convenience and necessity authorizing the operation of certain pipeline and measurement facilities constructed as Section 311 facilities located in Mojave County, Arizona and San Bernardino County, California (Topock Interconnect). Facilities were constructed that directly interconnect with the pipeline systems of PG&E, Southern California Gas Company (SoCalGas), and Mojave Pipeline Company (Mojave).

Filed:	12/16/91
Approval date:	06/11/92 59 FERC ¶61,305 (1992)

1992

CP92-477

CREE SYSTEM AND RATE SCHEDULE X-10 ABANDONMENT Transwestern and GPM Gas Corporation (GPM) filed on May 1, 1992 a stipulation and agreement of settlement that resolved all issues related to a certificated exchange agreement between Transwestern and GPM. The settlement agreement related to: 1) the application by Phillips 66 (now GPM) to abandon the certificated exchange service with Transwestem and 2) the application by Transwestern to abandon its exchange with GPM; abandon its Cree Flowers Gathering System (Cree System) by sale to Wallace Oil & Gas, Inc. (Wallace); and to abandon and remove one skid-mounted compressor unit located on the Cree System. Finally, Transwestern sought approval of its proposed accounting treatment of the sale of the Cree System.

Filed:	05/01/92
Approval date:	10/20/92 61 FERC 561,078 (1992)

CP92-686

RATE SCHEDULE X-10 ABANDONMENT Section 7(b) application to abandon the exchange of natural gas between Transwestem and Williams Natural Gas Company at exchange points in Woodward County, Oklahoma, and Hemphill County, Texas, pursuant to the terms of Rate Schedule X-10.

Filed:	09/01/92
Approval date:	10/22/92 61 FERC 562,063 (1992)

1993

CP93-75

SUNRISE COMPLAINT Complaint filed by Sunrise Energy Company against Transwestern and a request for an investigation pursuant to rule 206 of the Commission's regulations, 18 CFR ¶385.206. Sunrise alleged that Transwestem 1) did not provide timely access to information relating to the discount on interruptible rates offered to Transwestem's affiliate, Enron Marketing; 2) did not offer a similar discount to nonaffiliated firm shippers, thereby engaging in undue discrimination; 3) communicated to Enron Marketing information regarding Sunrise's financial difficulties; 4) misrepresented the availability of interruptible capacity on the expansion facilities; 5) engaged in a systematic effort to remove Sunrise as a competitor of Enron Marketing in the California market by refusing to amend or modify Sunrise's firm contracts, and; 6) facilitated and actively participated in Enron Marketing's anti-competitive and predatory behavior toward Sunrise. The complaint was dismissed and the request to investigate was denied. On March 3, 1993, Sunrise Energy Company, Signal Fuels Trading Company, Natural Gas Clearinghouse, and Indicated Shippers filed for rehearing of the "Order of Complaint," and Meridian Oil Incorporated requested clarification and/or reconsideration of the order. The requests for rehearing, clarification and reconsideration were all denied. On March 7, 1994, Sunrise Energy filed a motion for clarification submitting that the legal effect was to render moot the allegations and Transwestern's response to those allegations on rehearing. Sunrise's request for clarification was granted and provided.

	Filed:	11/23/92
	Approval date:	02/01/93 62 FERC ¶61,087 (1993)
CP93-75-001	Filed:	03/03/93
	Rehearing denied:	02/03/94 66 FERC ¶61,170 (1994)
CP93-75-002	Filed:	03/07/94
	Clarification granted:	04/20/94 67 FERC ¶61,093 (1994)

CP93-367

RATE SCHEDULE X-16 ABANDONMENT Application to abandon a natural gas exchange service provided pursuant to Williams Natural Gas (WNG) Rate Schedule X-17 and Transwestem Rate Schedule X-16. WNG and TW were authorized to exchange gas under an exchange agreement dated August 9, 1979 in Docket No. CP80-25 at a delivery and balancing point between WNG and Transwestern in Hemphill County, Texas, and from additional wells in Roger Mill, Ellis, Woodward and Dewey Counties, Oklahoma and in Hemphill and Lipscomb Counties, Texas.

Filed:	06/01/93
Approval date:	08/19/93 64 FERC ¶62,120 (1993)

CP93-529

ABANDONMENT BY TRANSFER TO TRANSWESTERN L.P. Section 7(b) application to abandon services and facilities by transfer to Transwestem LP., and to acquire and operate Transwestern's facilities, and to transport gas in interstate commerce pursuant to section 7(c). On August 30,1 994, Transwestem filed a notice of withdrawal of the application; withdrawal was effective September 14, 1995.

Filed:	06/30/93
Withdrawal approved:	09/22/94 68 FERC ¶61,415 (1994)

1994

CP94-55 **RATE SCHEDULE X-9 ABANDONMENT** Section 7(b) application to abandon a portion of two exchange services with Caprock Natural Gas Company. Caprock filed a 7(b) application in Docket No. CP93-306 to abandon certain pipeline and compressor facilities and related exchange and transportation services. Northern Natural Gas Company (Northern Natural) filed in Docket No. CP94-302 a related application to abandon a related firm transportation service for Caprock. Caprock stated that gas had been delivered by Caprock to Transwestem in Roberts County, Texas and that Transwestem redelivered the gas to Caprock in Parmer County, Texas. The gas was then delivered to Westar Transmission Company (Westar) in Gaines County, Texas. Because gas delivery declined, the parties no longer desired the exchange services and the facilities were no longer required. On September 23, 1994, Caprock and Cholla Petroleum Inc. (Cholla) filed a motion for clarification to determine that the facilities are non-jurisdictional gathering facilities exempt from the Commission's NGA jurisdiction and that the rates for gathering services will not be subject to the Commission's jurisdiction under section 4 and 5 of the NGA.

	Filed:	11/02/93
	Approval date:	08/10/94 68 FERC ¶61,224 (1994)
CP94-55-001	Amendment filed:	09/23/94
	Approval date:	11/18/94 69 FERC ¶61,230 (1994)

CP94-90 **RATE SCHEDULE NO. X-6 ABANDONMENT** Section 7(b) application to abandon a natural gas transportation and exchange service between Transwestern and American Processing (American). Pursuant to an agreement between Transwestem and American, the agreement provided that American would deliver gas to Transwestem in Roberts County, Texas, and Transwestern would redeliver equivalent volumes to American in Gray or Carson Counties, Texas. In accordance with **the** terms of the agreement, Transwestem notified American on June 1, 1993, that it wished to terminate the agreement effective January **1,** 1994. Transwestem stated that all exchange activity under the agreement ceased, no imbalance existed and no facilities would be abandoned.

Filed:	11/18/93
Approval date:	03/01/94 66 FERC ¶62,107 (1994)

1994

CP94-211 **VACA LATERAL ABANDONMENT** Section 7(b) application to abandon by sale to Enron Oil & Gas Company (Enron) certain facilities located in Lea County, New Mexico. Transwestem proposed to abandon by sale to its affiliate Enron the "Vaca lateral" which included approximately 0.71 mile of 4-inch pipeline, one meter station and related facilities attached to Transwestem's 24-inch West Texas lateral in Lea County, New Mexico. Transwestern filed an amendment seeking to transfer the Vaca lateral facilities to TGC, which in turn conveyed the Vaca lateral facilities to Enron Oil and Gas Company

	Filed:	02/02/94
	Approval date:	11/01/94 69 FERC ¶61 ;130 (1994)
CP94-211-001	Amendment filed:	11/16/94
	Approval date:	07/27/95 72 FERC ¶61,085 (1995)

CP94-213 **SOUTH HIGGINS AND TRENFIELD FACILITIES ABANDONMENT** Section 7(b) application to abandon by sale to Mewbourne Oil Company (Mewboume) certain small diameter pipelines, meter stations and related facilities located in Lipscomb County, Texas and Ellis County, Oklahoma. Transwestern proposed to abandon by sale approximately five miles of 4-inch and 6-inch pipeline, two meter stations and related facilities (South Higgins facilities). These facilities were attached to Transwestern's 12-inch Leedy lateral in Ellis County, Oklahoma. Transwestern also proposed to abandon approximately seven miles of 4-inch pipelines, six meter stations, and related facilities (Trenfield facilities). These facilities were located **off the** east end of Transwestern's Mammoth Creek lateral in Lipscomb County, Texas.

	Filed:	02/03/94
CP94-213-001	Filed amendment:	05/27/94
	Approval date:	08/17/94 68 FERC ¶61,236 (1994)

CP94-254 **REFUNCTIONALIZATION** Section 7(b) and 7(c) application for a certificate of public convenience and necessity and abandonment authorization relating to proposed refunctionalization **of certain** facilities from production and gathering to transmission and from transmission to production and gathering, respectively. Transwestern filed an amendment requesting to functionalize each facility individually, and not generically, based on its primary function.

	Filed:	02/24/94
CP94-254-001	Filed amendment:	02/25/97
	Approval date:	07/27/95 72 FERC ¶61,085 (1995)

1994

CP94-307 **AMOCO'S EMPIRE ABO PLANT** - Prior notice filing for authorization to install and operate a tap and metering facilities at a new point of delivery to provide natural gas to Amoco Production Company's Empire Abo Plant in Eddy County, New Mexico.

Filed	03/24/94
Approval date:	?? 05/19/94 59 FR 15718 (1994)

CP94-341 **RATE SCHEDULE X-14 ABANDONMENT** Section 7(b) application to abandon a natural gas exchange service requested by Natural Gas Pipeline Company of America (Natural) and Transwestern Pipeline Company as provided under Natural's Rate Schedule X-69 and Transwestern's Rate Schedule X-14. Under the agreement, Natural delivered natural gas to Transwestem in Eddy, Lea, and Chaves Counties, New Mexico and Ward County, Texas. In exchange, Transwestern delivered equivalent volumes of natural gas to Natural in Roosevelt and Eddy Counties, New Mexico and in Beckham County, Oklahoma. By a letter agreement dated January 31, 1994, Natural and Transwestern agreed to terminate the exchange service effective June 15, 1993.

Filed:	04/07/94
Approval date:	05/12/94 67 FERC ¶62,124 (1994)

CP94-676 **SID RICHARDSON DELIVERY POINT** Prior notice filing for authorization to install and operate a tap and valve at a new point of delivery to provide interruptible transportation of up to 700 Mcf/d of natural gas to Sid Richardson Gasoline Company (Richardson), a producer located in Winkler County, Texas.

Filed	07/21/94
Approval date:	07/27195 72 FERC ¶61,085 (1995)

CP94-751-000 ABANDONMENT OF FACILITIES - Section 7(b) filing for permission and approval to abandon and remove certain transmission and gathering facilities. Filed two (2) Amendments to the application to correct and revised facilities to be abandoned (CP94-751-001 & 002) in the instant application. Order issued on July 27, 1995 in Docket No. RP95-271, et al., granted abandonment by removal as conditioned by Appendix D to the Order. Additional, Amendment to application filed on November 13, 1995 and is more fully described below (CP94- 751-004). Initial implementation plan on removal filed January 26, 1996. Revised implementation plan filed March 1, 1996. Director's Letter issued March 5, 1996 approved the revised implementation plan.

	Filed:	08/30/94
CP94-751-001	Filed Amendment to Application:	10/03/94
CP94-751-002	Filed Amendment to Application:	05/01/95
	Order Approving Abandonment:	07/27/95 71 FERC ¶61,085 (1995)
CP94-751-003	Request for Rehearing:	08/28/95
	Order Denying Rehearing:	10/17/95

1994

CP94-751-004

751 ABANDONMENT Section *7(b)* application to modify the abandonment authorization of certain facilities owned by Transwestem Pipeline Company. The Commission's July, 1995 order addressed separate applications by Transwestern in Docket No. CP94-751-000 and CP95-70-000 to abandon certain compressors, treater plants, meters, dehydration units and associated facilities. The amendment requested modification of the July, 1995 abandonment authorization to permit some of the facilities originally proposed to abandon in place, to be abandoned by sale to Agave Energy Company, Conoco, Inc., Enron Oil & Gas Company, Highlands Gathering and Processing Company, and Mobil Producing Texas and New Mexico, Inc. This amendment authorized the transfer of the facilities identified.

Filed:	11/13/95
Approval date:	07/02/96 76 FERC ¶61,018 (1996)

CP94-751-005

751 AMENDMENT Amendment to application requests permission to abandon certain of the facilities in the original application by sale to third parties rather than removal. This amendment requested modification of the July, 1995 abandonment authorization to permit some of the facilities originally proposed to abandon in place to be abandoned by sale to Agave Energy Company, Conoco, Inc., Enron Oil & Gas Company, Highlands Gathering and Processing Company, and Mobil Producing Texas and New Mexico, Inc.

Filed Amendment to Application:	12/24/96
Order issued:	11/03/97 81 FERC ¶ 61,151 (1997)

1995

CP95-65 **RATE SCHEDULE X-7 ABANDONMENT** Section 7(b) application to abandon an exchange service between Transwestem and Natural Gas Pipeline Company of America. Pursuant to a gas exchange agreement between Transwestern and Natural Gas Pipeline Company, Transwestern and Natural were authorized to exchange natural gas during periods of emergency at existing facilities in Eddy County, New Mexico and Hansford and Gray Counties, Texas. However, neither of their records indicated whether or not this exchange was ever utilized. Pursuant to a letter agreement between Transwestern and Natural Gas Pipeline Company dated October 12, 1997, Transwestern and Natural agreed to terminate the Agreement as of December 1, 1993.

Filed: 11/09/94
Approval date: 01/05/95 70 FERC ¶62,007 (1995)

CP95-70 **SPINDOWN ABANDONMENT/RATE SCHEDULES X-1 AND X-15 ABANDONMENT** Section 7(b) application to abandon certain facilities located in Kansas, New Mexico, Oklahoma, and Texas by sale to its wholly owned subsidiary, Transwestem Gathering Company (TGC). Transwestern also requested authorization to abandon (1) certain interruptible service agreements under Rate Schedule ITS-1, to the extent receipt points on contracts effectuating such service were located on the facilities to be abandoned; (2) certain firm (i.e., no-notice) transportation service under Rate Schedule FTS-2 provided to various right-of-way grantors or agricultural users, and small general customers; and (3) certain certificated exchange services which are performed under Rate Schedules X-1 and X-15.

Filed: 11/14/94
Approval date: 07/27/95 72 FERC 761,085 (1995)

CP95-153 **BRILLHART AND KIOWA CREEK SYSTEM ABANDONMENTS** Section 7(b) application to abandon by sale portions of the Brillhart and Kiowa Creek gathering systems to GPM Gas Corporation. Abandonment consists of approximately one mile of four-inch pipeline and two meter stations located in Lipscomb County, Texas.

Filed: 01/12/95
Approval date: 07/27/95 72 FERC 761,085 (1995)

CP95-327 **RIO GRANDE RIVER CROSSING** Section 7(c) application to construct and operate approximately 3,200 feet of 30-inch diameter pipeline under the Rio Grande River in Valencia County, New Mexico. On August 20, 1994, the northern most pipeline exploded resulting in the loss of that segment and damage to the steel structure pipeline bridge. Transwestem replaced one of the pipelines and the bridge under section 2.55(b) of the Commission's Regulations. The total cost of this project to replace the second pipeline was $1,675,000, and was reimbursed by Transwestem's insurance carrier.

Filed: 04/17/95
Approval date: 08/16/95 72 FERC 762,147 (1995)

1995

CP95-378

NGC/GRAY AND WHEELER COUNTY FACILITIES ABANDONMENT Section 7(b) application for authorization to abandon: (1) by sale to NGC Intrastate Pipeline Company (NGC) certain transmission facilities including two meter stations, five compressors, 6.5 miles of 10-inch pipeline and 17.4 miles of eight- inch pipeline located in Gray and Wheeler Counties, Texas; (2) by reconveyance to GPM pursuant to an exchange agreement dated September 18, 1972, six mites of 16-inch pipeline located in Gray County, Texas; and (3) a FTS-2 Transportation Service Agreement between Transwestem and the City of LeFlors.

Filed:	05/01/95
Approval date:	07/27/95 72 FERC ¶61,085 (1995)

1996

CP94-751-004

CP94-751-004 - Amendment to application requests permission to abandon certain of the facilities in the original application by sale to third parties rather than removal. There are five (5) separate closings. Closed are sale to Conoco, Agave Energy Company, and Enron Oil & Gas. Bills of Sale for remaining facilities drafted by Legal. Pending sales are Mobil Producing Texas and New Mexico, Inc. and Highlands Gathering & Processing Company.

REMAINING CONDITION: • Notice of abandonment.
Filed Amendment to Application: 11/13/95
Order Approving Abandonment: 07/02/96 76 FERC 1162,006 (1996)

CP96-10

SAN JUAN EXPANSION - PHASE I Section 7(c) application to construct and operate a new 10,000 horsepower compressor station located near Mile Post 36 on Transwestem's San Juan Lateral, to construct and operate 7,000 hp of additional compression at the existing Bloomfield compressor station, to adjust its mainline and San Juan Lateral capacity on a flexible basis by changing the pressure of its mainline facilities, to operate an existing 4,132 hp back-up compressor on a flexible basis at the Bloomfield compressor station, and to purchase from Northwest Pipeline Corporation a 77.7% undivided ownership interest in Northwest's mainline LaPlata Facilities.

Filed: 10/04/95
Environmental Assessment 3/1/96 03/01/96
Approval date: 04/29/96 75 FERC IT61,107 (1996)
Acceptance Letter 05/29/96
Implementation Plan 06/19/96
Bloomfield/Bisti In Service at 12/1/96 12/05/96
Post Construction Bloomfield Noise Survey 01/29/97

CP96-33

HALL FARM TAP ABANDONMENT Section 7(b) application to abandon by sale the S. Gene **Hall** farm tap located in Gray County, Texas, to NGC Intrastate Pipeline Company. Transwestem facilities connected to the **Hall** farm tap were abandoned by sale to NGC in Docket No. CP95-378. This **was** initially certificated in Docket No. CP75-17 and CP75-277.

Filed: 10/24/95
Approval date: 11/17/95 73 FERC 1162,115 (1995)

1996

CP96-119 **WEST TEXAS LATERAL AND CHENOT PUTNAM LATERAL ABANDONMENT** Section 7(b) application to abandon by sale to Chevron USA, Inc. Certain pipeline facilities (West Texas Lateral and Chenot Putnam Lateral), including two farm taps. On January 5, 1997, Chevron filed a request for an order declaring that the facilities, once acquired and operated by Chevron, would perform a gathering function, and as such, would be exempt from Commission regulation under the section 1(b) of the National Gas Act. Closing effective September 16. Notice of Abandonment filed on September 24.

Filed:	12/22/95
Approval date:	08/07/96 76 FERC ¶61,189 (1996)

CP96-214 **WEST TEXAS GAS FARM TAPS** - Section 7(b) application to abandon 59 farm taps located in parts of Texas and New Mexico, along with the related service that Transwestern renders through such facilities, by sale to West Texas Gas, Inc. On January 8 1997, Transwestern filed a supplement to its application, removing five of the farm taps in questions from its original application and the corresponding sale agreement with West Texas. On September 10, 1998 filed the Notice of Abandonment for 54 farm taps effective September 1, 1998.

Filed:	02/27/96
Approval date:	02/26/97 78 FERC ¶61,183 (1997)

CP96-370 **TEMPORARY COMPRESSION** - Section 7(c) application for a blanket certificate authorizing Transwestern to install, operate, and remove temporary compressor units during scheduled or unscheduled maintenance. Certificate issued with environmental conditions. The blanket certificate is limited for the purpose of maintenance of existing permanent compressor units. The temporary compressor units shall not be used to increase the volume of service above that rendered by the involved existing permanent compressor units. Certificate accepted September 20, 1996. Reporting of temporary compressors will be included in the Annual Blanket Certificate Report.

Filed:	04/30/96
Order issued:	08/21/96 76 FERC ¶61,211 (1996)
Certificate Accepted:	09/20/96

CP96-371 **BILBREY COMPRESSION ABANDONMENT** Section 7(b) application requesting abandonment and removal of the Santa Fe Bilbrey Compressor Unit and its Texaco Bilbrey Compressor Unit, both located on Transwestem's Monument Lateral in Lea County, New Mexico.

Filed:	04/30/96
Approval date:	07/02/96 76 FERC ¶62,006 (1996)

1997

CP94-751-005 **CP94-751-005 -** Amendment to application requests permission to abandon certain of the facilities in the original application by sale to Continental Natural Gas, Inc. and GPM Gas Corporation rather than remove the equipment as originally proposed.

REMAINING CONDITION:	
Notice of abandonment.	
Filed Amendment to Application:	12/24/96
Order issued:	11/03/97 81 FERC ¶61,151 (1997)

CP97-159 **PANHANDLE P1 and P2 COMPRESSOR MODIFICATIONS -** Section 7(c) application for a certificate of public convenience and necessity to modify the P1 and P2 compressor units in order increase operational flexibility and increase capacity of approximately 14 MMcf per day on the Panhandle lateral.

Filed:	12/18/96
Notice of Application	01/13/97
Approval date:	05/08/97 79 FERC ¶62,102 (1997)
In-Service	

CP97-209 **GPM/CACTUS DELIVERY POINT -** Prior notice filing to install and operate a new delivery point in Sherman County, Texas in order to provide natural gas deliveries to GPM for fuel use.

Filed:	01/27/97
Approval date:	03/18/97

CP97-286 **BLOOMFIELD COMPRESSOR MODIFICATIONS -** Section 7(c) application for a certificate of public convenience and necessity to modify the Bloomfield compressor units in order increase operational flexibility and increase capacity of approximately 25 MMcf per day on the San Juan lateral. The modified compressors were placed in-service on December 1, 1997. Actual project costs filed May 20, 1998.

Filed:	03/12/97
Order issued:	11/05/97 81 FERC ¶61,172
In-Service	12/01/97

CP97-349 **WTG/HANSFORD DELIVERY POINT** - Prior notice filing to operate an existing side valve located in Hansford County, Texas as a new delivery point in order to provide natural gas deliveries to West Texas Gas to serve residential and commercial customers. WIG will own and operate all facilities downstream of the tap.

Filed:	04/17/97
Approval date:	06/10/97

1997

CP97-391 **ANNUAL 311 REPORT** - Annual Report for the construction of facilities pursuant to §311(a) of the Natural Gas Policy Act of 1978 for calendar year 1996.

Filed: 04/28/97

CP97-393 **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 1996.

Filed: 04/28/97

CP97-397 **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction, operation, and abandonment of eligible facilities under automatic authorizations for calendar year 1996.

Filed: 04/28/97

CP97-516 **SAN JUAN EXPANSION - PHASE II** - Section 7(c) application for a certificate of public convenience and necessity to expand capacity of the San Juan facilities. Facilities include a new 15,000 horsepower compressor station at Standing Rock and additional 2,000 horsepower at the existing LaPlata "A' compressor station to increase capacity from Ignacio to Blanco by 115,000 Dth/d and from Blanco to Thoreau by 130,000 Dth/d. Application amended to install a 7000 ISO rated horsepower unit at the LaPlata compressor station in lieu of the 2000 HP unit originally proposed. On December 18, 1997, notified FERC that discussions continue with representatives of the Navajo Nation regarding R-O-W for Standing Rock. Order Granting Clarification issued on February 18, 1998 pursuant to Transwestern's December 17, 1997 request for clarification regarding locked in rates. The Commission clarified that locked in rates applies to "Current Customers" only as set forth in Appendix C of the Global Settlement. On April 8, 1998, Northern filed the notice of an April 1, 1998 in-service date for the LaPlata "A" facilities. On December 25, 1998, Transwestern notified FERC that it was unable to reach agreement with the Navajo Nation regarding ROW for the Standing Rock compressor station. Transwestern filed on September 25, 1998 a request to vacate the portion of the certificate authorizing the construction and operation of the Standing Rock station. Notice Vacating in Part Prior Order was issued March 16, 1999 for the Standing Rock portion of this certificate.

	Original Application Filed:	05/19/97
CP97-516-001	Amendment filed:	08/22/97
	Order issued:	11/17/97 81 FERC ¶61,217 (1997)
	Certificate accepted:	11/21/97
	Order Granting Clarification issued:	02/18/98 82 FERC ¶61,164 (1998)
	Notice Vacating in Part at Standing Rock	03/16/99
	In Service of La Plata Modifications	04/01/98

1988

CP98-8 **CITIZENS UTILITIES DELIVERY POINT** - Prior notice filing for authorization to operate existing facilities located in Coconino County, Arizona as a delivery point to accommodate natural gas deliveries to Citizens Utilities Company.

Filed:	10/03/97
Approval date:	11/25/97

CP98-13 ***PG&E*** **ABANDONMENT** - Section 7(b) application for permission and approval to abandon, by sale to PG&E-TEX, the Gomez lateral located in Ward and Pecos Counties, Texas and certain service render thereby. PG&E filed its "Petition for a Declaratory Order" in Docket No. CP98-43. On January 8, 1998, Transwestern supplemented Exhibit U to the original filing with the First Amendment to the Purchase and Sale Agreement. Filed to further supplement Exhibit U of the original application for additional amendments to the Asset Purchase Agreement. **Notice of Withdrawal of Application and Request to cancel Settlement Conference was filed August 28, 1998.**

Filed:	10/09/97
Application Withdrawn:	08/28/98
Withdrawal effective:	***09/14/98***

CP98-233 **KN INTERSTATEILIPSCOMB MOCANE & LEEDY LATERAL SALE** - Section 7(b) application for permission and approval to abandon, by sale to K N Interstate Transmission Company, Transwestern's Lipscomb Mocane and Leedy laterals. Mewbourne withdrew its protest October 1, 1998. Aurora did not withdraw its protest. On December 22, 1998, the Commission issued an Order Denying Protest and Approving Abandonment. A Second Amendment to the Asset Purchase Agreement was executed January 31, 2000 extending the terms of the agreement until March 31, 2000. An agreement to assign the original Asset Purchase Agreement, as amended, to OneOk, Inc. was executed April 5, 2000. OneOk has until July 5, 2000 to notify Transwestern of its intent to purchase the subject facilities. By letter dated June 26, 2000, ONEOK officially exercised its right to terminate the Asset Purchase Agreement for this transaction.

Filed:	02/13/98	
Order Issued:	12/22/98	85 FERC ¶61,416 (1998)
Order on Motion to Vacate:	*06/04/01*	95 FERC ¶ 61,443 (2001)
Regulatory Contact: Michele		

CP98-413 **ANNUAL 311 REPORT** - Annual Report for the construction of facilities pursuant to §311(a) of the Natural Gas Policy Act of 1978 for calendar year 1997.

Filed:	04/30/98

1998

CP98-419 **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for calendar year 1997

Filed:	04/30/98

CP98-690 **PITCO RESTRUCTURING** - Joint Petition for Declaratory Order and Waiver of Tariff Provisions filing pursuant to Section 385207(a)(2) of the Commission's Regulations. PG&E Gas Transmission, Northwest Corporation, Transwestern Pipeline Company, Pacific Interstate Transmission Company and Pan-Alberta Gas (U.S.) Inc. are the joint petitioners. Specifically, the joint petitioners seek waiver of the respective capacity release provisions of PGT **and** Transwestem's tariff **to** the extent necessary to accommodate PITCO's request in Docket No. CP98-529 to reassign capacity related to pre-built ANGTS facilities due to its change in status under the NGA. On September 23, 1998, the parties filed a Stipulation, Agreement and Settlement in the docket. On December **17**, 1998, the Commission issued an Order on Settlement and Authorizing Abandonment, Acquisition of Facilities, Waiving Tariff Provisions, and Granting Motion for Consolidation. The Order on Rehearing upholds the original order by denying DEK's request for rehearing and allows PGE/Northwest to waive its Tariff to the extent necessary to permit credit support for PAGUS.

	Filed:	07/24/98
	Order Issued:	12/17/98 85 FERC ¶61,378 (1998)
CP98-690-001	Request for Rehearing Filed:	01/15/99
	Order on Rehearing Issued:	11/29/99 89 FERC ¶61,246 (1999)

CP98-745 **SPS/HOBBS DELIVERY POINT** - Prior notice filing to operate an existing delivery point acquired pursuant to §311(a) of the NGPA to provide non-restricted service to Southwest Public Service Company at its Cunningham Power Plant. Transwestem will also begin operating the pipeline connected to the subject delivery point pursuant to the automatic authorization of its blanket certificate and §157.208(a) of the Commission's Regulations. Staff is holding the Notice until Transwestern supplemented its request providing eligible on behalf of entity, costs to acquire facilities, and certain environmental data. Supplement filed September 4, 1998. Application withdrawn due to incorrect legal description and Staffs request that Transwestem include pipeline in its request. Request may be refiled at a later date.

Filed:	08/25/98
Withdrawal Filed:	09/14/98
Withdrawal Effective:	***09/29/98***

1998

CP98-795

UPH/BURTON FLATS SALE AND CRAWFORD COMPRESSOR RELOCATION - Section 7 application for permission and approval to abandon by sale to Union Pacific Highlands Gathering and Processing Company (UPH) approximately 58 miles of pipeline and request to relocate the Crawford compressor station. On July 8, notified FERC that the first, of a two-part closing, became effective July 1, 1999. Subsequent negotiations with Duke have resulted in the cancellation of the second closing. On January 12, 2001, Transwestem filed a letter notifying FERC that, due to economic reasons, the second closing/abandonment will not take place. This decision also precluded the need to relocate the Crawford compressor station. FERC may or may not respond to the letter filed January 12, 2001.

Filed:	09/23/98
Order:	04/01/99 87 FERC ¶61,004 (1999)
Certificate Accepted:	04/26/99

1999

CP99-522

GALLUP EXPANSION/SAN JUAN COOLERS - Section 7(c) application to install and operate additional cooling at the Bloomfield and LaPlata "A" compressor stations and a new electric drive compressor station near Gallup all on the San Juan Lateral. The subject facilities will create incremental firm capacity of approximately 50,000 Mcf/d on the San Juan Lateral downstream of the Bloomfield compressor station for a total capacity on the San Juan Lateral of 850,000 Mcf/d. The facilities will also allow Transwestern to increase its mainline operating pressure from Thoreau to California to 950 psig, thereby allowing Transwestem to operate its mainline west to California at its certificated capacity of 1,090,000 Mcf/d. The certificate authority for operational flexibility of the San Juan Lateral and the mainline for deliveries east of Thoreau received in Docket No. CP96-10 will remain in full force and effect (this would become an issue if the unit at Gallup is abandoned).

Filed: 05/13/99
Order Issued: 01/13/00 90 FERC ¶ 61,032 (2000)

Accepted Certificate: 01/14/00

In Service at Bloomfield Coolers	04/06/00
In Service at La Plata Coolers	04/20/00
In Service at Gallup Station	05/01/00

CP99-534

STATION 8 - Section 7(b) application for permission and approval to abandon by removal Unit No. 3 (6,500 HP) at Transwestern's Station 8 located in Lincoln County, New Mexico. On December 2, 1999, Transwestem filed the Notice of Abandonment of Unit #3 at Station 8 effective November 30, 1999.

Filed: **05/21/99**

Order issued: **08/18/99 88 FERC 1162,157 (1999)**

CP99-447

ANNUAL BLANKET REPORT - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for calendar year 1998

Filed: 04/30/99

NM

ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d) - Annual Report for construction activity during the year 1998 under Section 284.11(d) of the Commission's Regulations.

Filed: (Not Filed)

1999

CP99-443 **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 1998.

Filed: 04/30/99

N/A **ANNUAL SYSTEM CAPACITY REPORT** - Pursuant to Section 284.13 for the calendar year 1998.

Filed: 03/01/99

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT** - FERC Form No. 567 for the calendar year 1998.

Filed: 05/28/99

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT** - Pursuant to Section 284.106 for the calendar year 1999.

Filed:

1st Quarter:	12/31/98
2nd Quarter:	04/01/99
3rd Quarter:	06/29/99
4th Quarter:	10/01/99

2000

CP00-277 **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for calendar year 1999.

Filed: 05/01/00

N/A **ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d)** - Annual Report for construction activity during the year 1999 under Section 284.11(d) of the Commission's Regulations.

Filed: (Not Filed.)

CP00-305 **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 1999.

Filed: 05/01/00

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT** - FERC Form No. 567 for the calendar year 1999.

Filed: 6/01/00

RM85-1 **ANNUAL SYSTEM CAPACITY REPORT** - Pursuant to Section 284.13 for the calendar **year** 1999.

Filed: 3/01/00

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT** - Pursuant to Section 284.106 for the calendar year 2000.

Filed:

1st Quarter	12/22/99
2nd Quarter:	03/31/00
3rd Quarter	06/29/00
4th Quarter:	10/02/00

1 FERRIS gives a 5/01/00 record for a Transwestem 311 Filing. Look to the right column for a reference to "2.551f. This record is actually Transwestem's Annual 2.55(b) Replacement Report, not a 311 Report. Transwestem has no files supporting a 311 Report for the year 1999.

2001

CP01-115 — Red Rock Expansion - Section 7(b)/7(c) application requesting permission and approval to: (1) abandon in-place existing units totaling 49,500 HP at Transwestem's Stations 1, 2, 3 & 4 and (2) install a 41,500 HP unit at each station resulting in 150,000 Mcf/d of incremental firm capacity from Thoreau to the California border. Requested expedited treatment with an Order issued by August 1, 2001.

Application Filed:	03/29/2001
FERC Environmental Assessment	06/14/2001
Order Issuing Certificate and Approving Abandonment:	07/16/2001
Acceptance Letter	07/19/2001
Placed in Service 06/15/02	06/21/2002
Order Extension of Time	07/09/2002
Post Construction Noise Survey	08/06/2002
Notification of Abandonment	12/16/2002
In-Service (Stations 1-3)	06/15/2002

CP01-272 — **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for calendar year 2000.

Filed:	05/01/01
Revision Filed:	12/13/01

N/A — **ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d) -** Annual Report for construction activity during the year 2000 under Section 284.11(d) of the Commission's Regulations.

Filed:	(Not Filed?)

CP01-238 — **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 2000.

Filed:	04/30/04

[2] FERRIS gives a 4/30/01 record for a Transwestem 311 Filing. Look to the right column for a reference to "2.551f. In other words, this record is actually Transwestem's Annual 2.55(b) Replacement Report, not a 311 Report. Transwestem has no records supporting a 311 Report for the year 2000.

2001

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT** - FERC Form No. 567 for the calendar year 2000.

Filed: 5/30/01

N/A **ANNUAL SYSTEM CAPACITY REPORT** - Pursuant to Section 284.13 for the calendar year 2000.

Filed: 3/01/01

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT** - Pursuant to Section 284.106 for the calendar year 2001.

Filed:

1st Quarter:	01/02/01
2nd Quarter:	04/02/01
2 Quarter 1st Revision	05/23/01
3rd Quarter.	07/02/01
4th Quarter:	10/01/01

2002 CP02-134

San Juan Lateral Capacity (Bloomfield Air Coolers) — Section 7 of the Natural Gas Act ("NGA"), as amended, and Part 157 of the Commission's Regulations, requesting the issuance of a certificate of public convenience and necessity authorizing an additional 10,000 Dth/day of capacity on Transwestern's San Juan lateral.

Filed:	04/02/2002
Noticed	04/05/2002
Order issuing Certificate and Approving Abandonment:	04/19/2002
Acceptance of Certificate	05/10/2002
In-Service	05/10/2002

(Constructed under Section 2.55(a)
W/O No. C.015384.01, Actual Cost = $288,404)

CP02-255

ANNUAL BLANKET REPORT - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for the calendar year 2001.

Filed:	05/01/02
Revision Filed:	04/21/03

CP02-247

ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d) - Annual Report for construction activity during the year 2001 under Section 284.11(d) of the Commission's Regulations.

Filed:	05/01/02

CP02-258

ANNUAL 2.55(b) REPORT - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 2001.

Filed:	05/01/02

N/A

ANNUAL SYSTEM FLOW DIAGRAMS REPORT — FERC Form No. 567 for the calendar year 2001.

Filed:	05/10/02

N/A

ANNUAL SYSTEM CAPACITY REPORT — Pursuant to Section 284.13 for the calendar year 2001.

Filed:	02/25/02

N/A

QUARTERLY INDEX OF CUSTOMERS REPORT — Pursuant to Section 284.106 for the calendar year 2002.

Filed:	
1st Quarter:	01/02/02
Revised 1st Quarter:	05/10/02
2nd Quarter:	04/01/02
3rd Quarter.	07/01/02
4th Quarter:	10/01/02

2003

CP03-205 **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for the calendar year 2002.

Filed: 05/01/03

CP03-160 **ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d)** - Annual Report for construction activity during the year 2002 under Section 284.11(d) of the Commission's Regulations.

Filed: 05/01/03

CP03-164 **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 2002.

Filed: 05/01/03

N/A **ANNUAL SYSTEM CAPACITY REPORT —** Pursuant to Section 284.13 for the calendar year 2002.

Filed: 02/28/03

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT —** FERC Form No. 567 for the calendar year 2002.

Filed: 05/28/03

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT —** Pursuant to Section 284.106 for the calendar year 2003.

Filed:
1st Quarter: 01/02/03
2nd Quarter: 04/01/03
2ND Quarter Revised: 04/10/03
3rd Quarter: 07/01/03
4th Quarter: 10/01/03

2004

CPO4-104 **San Juan 2005 Expansion Project** - Section 7(b)(c) application for permission and approval to construct, modify, and operate pipeline looping, and to abandon, replace, install and modify certain compression, piping, and ancillary facilities. Transwestern's proposed Expansion Project facilities will increase capacity by 375,000 Dth/day on the San Juan Lateral from the Blanco Hub located in San Juan County, NM to the Gallup area located at the interconnection of the San Juan Lateral and Transwestern's mainline.

Filed:	**04/08/04**
Notice of Application	**04/15/04**
Order issued:	**08/05/04**
In-Service	05/01/05

CP05-04 **P-1 and P-2 Compressor Stations Rewheel Project -** Section 7(c) application requesting the issuance of a certificate of public convenience and necessity authorizing certain modifications at Transwestern's existing P-1 and P-2 Compressor Stations, and an additional 10,000 Dth/day of incremental capacity on Transwestern's Panhandle Lateral. Transwestem is requesting Commission authorization to replace the compressor wheels ("rewheel") at its existing P-1 and P-2 Compressor Stations that will allow higher flow volumes that will create an incremental year-round **10,000** Dth/day of gas flow on its Panhandle Lateral.

Filed:	**10/08/04**
Notice of Application	**10/13/04**
Order Issued:	**11/08/04**
Commenced Construction	11/15/04
In-Service	11/19/05
Cost Comparison filed	05/19/05

CP04-196 **ANNUAL BLANKET REPORT - Annual Blanket** Certificate Report for the construction of eligible facilities under automatic authorizations for the calendar year 2003.

Filed:	04/30/04
Revision Filed:	09/09/04

CPO4-203 **ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d) -** Annual Report for construction activity during the year 2003 under Section 284.11(d) of the Commission's Regulations.

Filed:	04/30/04

2004

CPO4-312 **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 2003.

Filed: **04/30/04**

N/A **ANNUAL SYSTEM CAPACITY REPORT —** Pursuant to Section 284.13 for the calendar year 2003.

Filed: **02/26/04**

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT —** FERC Form No. 567 for the calendar year 2003.

Filed: **05/28/04**

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT —** Pursuant to Section 284.106 for the calendar year 2004.

Filed:
1st Quarter: **01/02/04**
2nd Quarter: **04/01/04**
3rd Quarter: **07/01/04**
4th Quarter: **10/01/04**

2005

CP05-294 **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for the calendar year 2004.

Filed: 04/29/05

CP05-259 **ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d)** - Annual Report for construction activity during the year 2004 under Section 284.11(d) of the Commission's Regulations.

Filed: 04/29/05

CP05-285 **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 2004.

Filed: 04/29/05

N/A **ANNUAL SYSTEM CAPACITY REPORT —** Pursuant to Section 284.13 for the calendar year 2004.

Filed: 03/01/05

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT —** FERC Form No. 567 for the calendar year 2004.

Filed: 06/01/05

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT —** Pursuant to Section 284.106 for the calendar year 2005.

Filed:
1st Quarter: 01/01/05
2nd Quarter: 04/01/05
3rd Quarter: 07/01/05
4th Quarter: 10/01/05

2006

CP06-59 **East of Canadian River Facilities Abandonment by Sale** - Section 7(b) abandonment application requesting authorization to abandon by sale to PVR Midstream LLC approximately 115 miles of 12 and 16-inch pipeline laterals, one compressor station, and related appurtenant facilities located in Hemphill and Lipscomb Counties, Texas, and Beaver, Ellis, and Roger Mills Counties, Oklahoma ("East of Canadian River Facilities"). Also, Transwestem and PVR jointly request that the Commission declare the East of Canadian River Facilities, once abandoned, to be gathering and exempt from the Commission's regulations pursuant to Section 1(b) of the NGA.

Filed:	**2/03/06**
Notice of Application	**2119/06**
Order Issued:	**5/17/06**
Notice of Abandonment	**7107/06**
Facilities Conveyed to PVR Midstream	**7101/06**

N/A **ANNUAL SYSTEM CAPACITY REPORT —** Pursuant to Section 284.13 for the calendar year 2004.

Filed: 03/01/06

N/A **ANNUAL 2.55(b) REPORT** - Annual Report for the replacement of facilities pursuant to §2.55(b) of the Commission's Regulations for calendar year 2004.

Filed: 04/29/06

N/A **ANNUAL REPORT OF 311 FACILITIES UNDER SECTION 284.11(d) -** Annual Report for construction activity during the year 2004 under Section 284.11(d) of the Commission's Regulations.

Filed: 04/29/06

CP82-534 **ANNUAL BLANKET REPORT** - Annual Blanket Certificate Report for the construction of eligible facilities under automatic authorizations for the calendar year 2004.

Filed: 04/29/06

N/A **ANNUAL SYSTEM FLOW DIAGRAMS REPORT —** FERC Form No. 567 for the calendar year 2005.

Filed: 06/01/06

N/A **QUARTERLY INDEX OF CUSTOMERS REPORT —** Pursuant to Section 284.106.

1st Quarter Filed:	01/01/06
2nd Quarter Filed:	04/01/06
3rd Quarter Filed:	07/01/06
4th Quarter Filed	10/01/06

Section 3.10
LITIGATION

1. In Re Natural Gas Royalties Qui Tam Litigation previously known as Grynberg v. Enron, et al. (including many pipeline defendants and TPC), U.S. District Court of Wyoming; MDL Docket No. 1293, CA. No. 99MD-1640 and 99MD1626. Associated with the sale of certain assets to Agave Energy Company, TPC agreed to indemnify Agave Energy Company for any ongoing expenses related to these proceedings as set forth in the Measurement Indemnification letter agreement of October 1, 1995 and letter dated August 27, 1999.

2. TPC Order to Respond Proceeding, Docket No. 11402-6-000.

3. United States Department of Interior, Bureau of Indian Affairs — TPC is managing two threatened trespass actions related to right of way on Tribal or allottee land.

   (a) The first matter involves an agreement with the United States Department of Interior, Bureau of Indian Affairs (BIA) covering 44 miles of ROW on a total of 69 Navajo allotments within Tribal or allottee lands. This ROW agreement expired on January 1, 2004. One Allottee, Mr. Leon Gibson, sent a letter dated January 16, 2004 to the BIA claiming TPC is trespassing. Discussions are ongoing with the BIA to approve the renewal application, which was filed in October 2002.

   (b) The second matter involves trespass actions related to 5100 feet of ROW on private allotments within the Laguna Pueblo that expired on December 28, 2002. TPC received a letter dated March 19, 2003 from the BIA on behalf of the two allottees asserting trespass.

4. Enron Corp. v. Citigroup, Inc., U.S. Bankruptcy Court, Southern District of New York,

   Adversary Proceeding No. 03-93611 (AJG). Enron Corp. initiated an adversary proceeding against Citigroup in 2003, seeking return of certain payments made by Enron to Citigroup shortly before the Enron bankruptcy. Citigroup notified TPC in December of 2004 that it intended to seek indemnification from TPC under the provisions of certain loan agreements executed in 2001 between TPC and Citigroup as to any amount ultimately required to be repaid by Citigroup to Enron. In January of 2005, Enron gave notice that it would assume the defense as to and indemnify CCE Holdings, LLC, against any action by Citigroup to collect from TPC. Discovery is ongoing in the adversary proceeding and TPC has not been joined in the litigation.

Section 3.11
TITLE TO PROPERTIES

Expiration of Permits

The following New Mexico State Highway Crossing Permits have expired. These permits are in the process of being renewed.

a. 30" Loopline

1. Chaves County - TPC Tract No. M-1-L-H

2. Lincoln County - TPC Tract Nos. M-92-L-H and M-97-L-H

3. Valencia County - TPC Tract No. M-165-L-H

4. Cibola County - TPC Tract Nos. M-187-L-H.1, M-187-L-H.2, M-187-L-H.3, M-187-L-H.4, M-187-L-H.5 and M-193-L-H

b. 24" West Texas Loop - Chaves County - TPC Tract Nos. MTL-3-L-H, MTL-5-L-H, MTL-16B-L-H and MTL-66-L-H

c. 36" West Texas Loop - Eddy County - TPC Tract Nos. MTL-81-L-H, MTL-89-L-H and MTL-93-L-H

d. 36" West Texas Loop - Lea County - TPC Tract No. MTL-112-L-H

e. 12" Atoka Artesia Lateral - Eddy County - TPC Tract Nos. MTL-0001-L-10-HX.2 and MTL-0001-L-10-HX.3

f. 16" Crawford Loop Lateral - Eddy County - TPC Tract Nos. MTL-0002-L-20-HX and MTL-0002-L-21-HX.1

Rentals in arrears

a. 16" Keystone Lateral

1. Winker County, Texas - TPC Tract No. TL-0005-06-RRX.1. Rental last paid to Texas-New Mexico Railway Co. thru 1988 -Successor in title has never been identified despite attempts to do so.

2. Winkler County, Texas - TPC Tract No. TL-0005-06-RRX.2. Rental last paid to Texas-New Mexico Railway Co. thru 1988 -Successor in title has never been identified despite attempts to do so.

Right-of-Way Exceptions

a. 30" Mainline

1. TPC Tract No. M-134A - SW/4 NW/4, Section 22, Township 2 North**,** Range 5 East, Torrance County, New Mexico. Pipeline traverses property for a distance of 1,548 feet or 0.293 miles. No Easement or permanent Right-of-Way file has been located. Owners unknown.

2. TPC Tract No. M-167A - Portion of Belen Grant, Valencia County, Ne**w** Mexico. Pipeline traverses property for a distance of approximately 4,000 feet or 0.758 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.

3. TPC Tract No. M-236-R - Portion of S/2, Section 3, Township 13 North, Range 12 West, McKinley County, New Mexico. Pipeline traverses property for a distance of 2,878 feet or 0.545 miles. No Easement or permanent Right-of-Way file has been located. The owner in 1959 as reflected on alignment drawing was Electric Plains Railroad Spur; current owners unknown.

b. 30" Loop of Mainline - TPC Tract No. M-167A - Portion of Belen Grant, Valencia County, New Mexico. Pipeline traverses property for a distance of approximately 4,008 feet or 0.759 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.

c. 16" Crawford Lateral Loop — The ROW documents related to the following tracts were inadvertently assigned in a sale to GPM (Assets now owned by Duke Field Services, successor in title). The pipeline was not conveyed. TPC is in the process of attempting to have these instruments assigned back to TPC from Duke.

1. TPC Tract No. MTL-0002-L-01-BX — Road x-ing permit [9 rods]
2. TPC Tract No. MTL-0002-L-08-RRX — Railroad x-ing [13 rods]
3. TPC Tract No. MTL-0002-L-07B — Easement [3 rods]
4. TPC Tract No. MTL-0002-L-16-FIX — Road x-ing permit [1 rod]

Navajo Nation Allotment Renewal - As of January 1, 2004, TPC's Grant of Right-of Way by the U.S. Department of Interior ("DOI"), Bureau of Indian Affairs ("BIA") for a total of approximately forty-four (44) miles of pipeline on a total of sixty-nine (69) Navajo allotments expired. These allotments are lands within the Navajo Nation reservation that are privately held but administered by the B I A. One allottee has made claims of trespass. The BIA sent a letter dated January 20, 2004, noting certain alleged deficiencies in the TPC Application for a Grant of Right-of-Way to renew right-of-way on these allotments and requesting a revised appraisal based on pipeline corridor valuations.

Southern Ute Tribe - TPC received letters dated May 27, 2003 and September 2, 2003 from the law firm of Maynes, Bradford, Shipps & Sheftek, LLP, on behalf of the Southern Ute Tribe ("Tribe") alleging trespass by TPC. The letters referenced a May 19, 2003 resolution by the Tribal Council of the Tribe, which revokes a 1996 resolution that granted the Tribe's Consent to a Partial Assignment by Northwest Pipeline Company ("Northwest") to TPC of certain interests in a 1990 Grant of Easement and Right-of-Way, issued by the Secretary of the Interior through the BIA. An application by TPC for approval of the assignment of this interest from Northwest has been in the possession of the BIA since 1999 with no action taken. The total distance of the right-of-way is approximately 6.6 miles. There is an approximate 3,100- foot "gap" in the description of the right-of-way in the BIA grant. The right-of-way for these 6.6 miles expired in September 2005. In addition, an application is pending with the BIA to renew a meter site and a buried electric cable right-of-way for which the Tribe has previously consented and which consent has not been revoked. The original right-of-way for the buried cable expired on November 16, 2000. The original right-of-way for the meter site expired on

February 21, 2001. Agreement for renewal of right-of way grants, between Southern Ute, TPC and Northwest, was concluded on June 14, 2006. Application to BIA was made on August 3, 2006.

Laguna Pueblo Allotments — TPC received a letter dated March 19, 2003 from the DOIBIA on behalf of two private allotments within the boundaries of the Laguna Pueblo that TPC has been in trespass on these two allotments since December 28, 2002. TPC's right-of-way on these two allotments expired on December 28, 2002. The total distance of the right-of-way is about 5,100 feet.

Navajo Nation Tribal Lands Renewal - As of January 1, 2004, TPC's grant of right-of-way by the DOI-BIA for a total of approximately 14 acres of land near Thoreau, N.M. expired. TPC is conducting remediation activities on this site. An application for renewal of approximately 7 acres has been submitted.

Other mortgages, liens or other encumbrances may exist which have not been subordinated to the title of TPC. For example, the majority of the property rights that acquired for pipelines are in the nature of easements, and upon taking these easements the fee property may have already been subject to a variety of encumbrances such as a mortgage. TPC may have taken the easement subject to the mortgages and may have not subsequently obtained a subordination from the mortgage company.

Encumbrances

Blanco Hub Facilities: Construction and Ownership Agreement dated November 18, 1991, among Northwest Pipeline Corporation, TPC and Gas Company of New Mexico.

LaPlata Facilities: La Plata Facilities Ownership and Operation Agreement dated November 3, 1995, between Northwest Pipeline Corporation and TPC.

Section 3.12(a)
EMPLOYEE MATTERS

1 Medical (Active and Retired):

- a. United Health Care: PPO program under an ASO arrangement with a specific stop loss ($225,000).
  - i. High Option (90/70)
  - ii. Middle Option (80/60)
  - iii. Low Option (70/60)
  - iv. Indemnity Plan (70%)
  - v. Retiree Under 65 Plan
  - vi. Retiree 65 and Over Plan

2. Dental: Delta Dental of RI — PPO program under an ASO arrangement.
3. Vision: Vision Benefits of America — PPO program under an ASO arrangement.
4. Life and AD&D: non-contributory with Aetna.
5. Voluntary Life: contributory with Aetna.
6. Voluntary Spouse & Dependent Life: contributory with Aetna.
7. LTD: non-contributory with Aetna.
   - a. Executive Officers
   - b. All Other Employees
8. STD: advice only program with Prudential.
9. Defined Contribution Plans: Cross Country Energy Savings Plans
   - a. Plan 001 (Main Plan)
   - b. Plan 002 (Enron Rollover Plan)
10. Severance Plan.
11. Healthcare Flexible Spending Account under Flex Plan – United Health Care.

Section 3.12(b)
EMPLOYEE MATTERS

1. **Outstanding Contributor Award Program**
2. **Annual Incentive Plan**
3. **Stock Option Plan:**
    a. **Southern Union Company 2003 Stock and Incentive Plan**
4. **Other Benefits:**
    a. **Sick Days**
    b. **Personal Days**
    c. **Holidays**
    d. **Vacation**
    e. **Employee Assistance Program — Care24 with United Health Care**
    f. **Educational Assistance/Tuition Reimbursement**
    g. **Dependent Care Flexible Spending Account under Flex Plan — United Health Care**
    h. **Relocation Benefits**
    i. **Bereavement Leave**
    j. **Paternity/Adoption Leave**
    k. **Jury Duty, Witness Duty and Military Leave**
5. **TPC committed to provide a $1,648.39 monthly lifetime annuity to an individual under the Houston Natural Gas Corporation and Subsidiaries Executive Supplemental Benefit Agreement.**
6. **TPC committed to provide a total of $295,320 to the spouse of a former executive upon death of the executive under the Houston Natural Gas Corporation and Subsidiaries Executive Post-Retirement Salary Continuation Agreement.**
7. **Transwestern Pipeline Company, LLC VEBA to provide for Retiree Health Care and Other Benefits**

Section 3.12(e)(vi)
EMPLOYEE MATTERS

A determination letter request is currently pending with the IRS relating to the Transwestem· Pipeline Company, LLC VEBA to Provide for Retiree Health Care and Other Benefits.

Section 3.12(e)(vii)
EMPLOYEE MATTERS

With respect to post-retirement medical benefits, eligible current and former employees and retirees of TPC (and their eligible spouses, surviving spouses and dependents) have been covered under the Enron Inactive Medical Plan and the Medical Plan sponsored by CC Energy, and effective as of the Closing Date, such eligible individuals, as well as eligible Shared Service Employees who become Transferring Shared Service Employees (and their eligible spouses, surviving spouses and dependents) will be covered under the plan established by TPC or ETP pursuant to Section 5.5(e) of the Agreement. In addition, with respect to post-retirement medical benefits, and in accordance with an order relating to the Enron VEBA Motion or any other order of a court of competent jurisdiction relating to the partition of assets held under the Enron VEBA and/or the distribution of liabilities associated with the Enron VEBA, such plan established by TPC or ETP pursuant to Section 5.5(e) of the Agreement will cover current and former employees and retirees of TPC, former employees and retirees of former affiliates of TPC who provided services to TPC, and their respective eligible spouses, surviving spouses and dependents. In the case of individuals eligible for post-retirement medical benefits under the Enron Inactive Medical Plan, the Medical Plan sponsored by CC Energy or the plan established by TPC or ETP pursuant to Section 5.5(e) of the Agreement, or eligible for such benefits in accordance with an order relating to the Enron VEBA Motion or any other order of a court of competent jurisdiction relating to the partition of assets held under the Enron VEBA and/or the distribution of liabilities associated with the Enron VEBA, references to "former employees and retirees" include eligible disabled former employees and retirees. Consistent with a Statement of Policy issued by the Federal Energy Regulatory Commission on December 17, 1992, TPC has recovered in the past and is currently recovering funds to provide retiree medical benefits. Funds recovered in this manner were, in the past, contributed to the Enron VEBA, and are currently being contributed to the TPC VEBA. Consistent with applicable legal requirements, funds held in the two VEBAs referred to in the preceding sentence must be used for the purposes for which the VEBAs were established. In addition, funds recovered in rates may be required to be returned to the rate payers in the event that retiree medical benefits for which the funds were recovered are not provided.

Section 3.12(e)(ix)
EMPLOYEE MATTERS

The substantive provisions relating to the severance benefits available under the Transwestem Pipeline Company Severance Pay Plan are not identical to the substantive severance provisions set forth in Section 5.5(f) of the Agreement; however, such Plan will be terminated prior to the employment transfers contemplated under Section 5.5 (g) of the Agreement

Section 3.12(e)(x)
EMPLOYEE MATTERS

The two CrossCountry Energy Savings Plans are based on prototype documents that have opinion letters from the IRS. Individual determination letters have not yet been requested from the IRS with respect to these Plans.

Section 3.12(e)(xi)
EMPLOYEE MATTERS

The CrossCountry Energy Savings Plans may experience a termination or partial termination.

Section 3.12(e)(xiii)
EMPLOYEE MATTERS

A determination letter request with respect to the Transwestern Pipeline Company, LLC VEBA to Provide for Retiree Health Care and Other Benefits is currently pending with the IRS.

Section 3.14
INTELLECTUAL PROPERTY

Mark	Type	Registrant
Hottap	**Service Mark**	**Panhandle Eastern Pipe Line Company, LP**
Sunburst	**Service Mark**	**Southern Union Company**
sug.com	**Domain Name**	**Southern Union Company**

1. Third party software that TPC has no ownership rights in are listed below. CCE is still reviewing the ability to provide software services under a Transition Services Agreement. CCE may not have the right to utilize third-party software to provide services to a non-affiliated party.

- Hyena Maint
- IPSwitch WS FTP 20 user License Pack/Maint.
- Sun Maint on Hardware (Silver Support)-Maintech
- Configuresoft Maintenance (300 svrs, 2400 wkst)
- NetIQ -Security Administration Suite
- Legato Tape Backup Solution Maint.
- Chg Mgr for MS SQL maint Embarcadero
- DBArtisan maint (7 license) Embarcadero
- MS Premier Support Agreement
- Tidal Software SAN /Sys Admiral
- Web Trends Enterprise Edition
- Rightfax Server Upgrade (FGT & ET&S &OCC)
- MS SQL Server (Houston/25) no maint til 2006
- MS Visio
- MSDN Universal Subscriptions (7)
- MS Project
- MS 2000 Server
- MS 2000 Wksn
- MS FrontPage
- Adobe Illustrator
- Adobe Photo Shop
- SmallTalk
- Web Analysis Tool - Webgain Toplink Java (16@1150)
- Resin Software - Caucho Technology
- Resin Server Licenses - Caucho Technology
- Dream Weaver MX
- Computer Associates ERWIN
- Informatica - PowerMart
- Business Objects - Full Client
- Business Objects - Broadcast Agent Server
- Business Objects - Developer

- Business Objects - Servers
- HP Alpha Maint on Hardware - GC
- Reflection Licenses (GC)
- Multinet by Process Software (GC)
- Impact Weather (Universal Weather Service Maint) (Gas Control)
- Quillix Maint.
- PGAS System Maint
- Bass-Trigon Software
- Primavera P3
- Timberline
- WinD.O.T.tm - The Pipeline Safety Reg
- Paradigm Plus licenses (4)
- Pipeline Toolbox Annual Software Lease
- Spectel Maint for Audio Conf Bridge
- Map Objects
- CAD Maint Renewal
- Macromedia Breeze
- Oracle Financials
- Oracle Financials; iExpense, HR. & Discoverer
- PowerPlan Consultants
- PowerPlan Consultants
- Bottom Line Technologies
- Other Misc Software
- PHE +
- Workforce
- Remedy - Change Management Software
- Vertex Q Series
- Microsoft
- Convey 1042-S
- Convey 1099 Level C
- Convey 1042-S & 1099 Level C
- Email - LDC Exchane & Pangea Migration Project
- User Friendly Consulting - Quillix & MuWave
- Quest Toad
- Micro Focus for Net Express Support
- BMC Remedy - Help Desk, Asset Mgmt, Change Ctrl
- BMC Identity Mgmt & Sigle Sign-On
- BMC Discovery Tools
- Consolidate Pipeline DR Sites
- SANZ-Houston office tape library (HW)
- SANZ-Dallas (HW)
- SANZ-MJHarden tape backup library (HW)
- SANZ - SW support (Legato)
- DR Messaging

- Sherpa Software - Discovery Attender
- NetIQ -Security Administration Suite
- Citrix
- Configuresoft ECM Server License
- Configuresoft Maintenance (300 svrs, 1,200 wkst)
- Verisign - EC Prod & EC Test
- Citrix Subscription Advantage
- NetIQ-AppManager
- OMTool Support (faxing)
- MOJO Systems Solaris
- MOJO Systems Solaris
- Landesk Mgmt - Dell
- Landesk Handheld Mgr - ASAP
- WinZip
- Connected
- Symantec Mail Security 8200 Series AntiSpam & AntiVirus
- Blackberry
- Quest - Spotlight on SQL Server Enterprise
- MS SLB SQL SRV ENT 2005 - 32 CPU
- Computer Associates (AllFusion)
- Oracle - MTHarden, Leasedata
- Sybase
- Embarcadero — increase for MSR+ lic.
- Credit & Management Systems, Inc.
- Oracle TopLink Mapping Workbench
- AvePoint for SharePoint-DocAve 301 Svc
- Macromedia Breeze
- Business Objects
- Celeritas Public Awareness Hosting
- ESRI ArcInfo Floating License
- ESRI ArcView single Use Unkeyed License
- ESRI MapObjects
- FileNet - Email Manager
- FileNet - SharePoint Portal
- Flow-Cal
- Invensys Avantis-Popfax
- Precision Products-Low-Volume ScanCare Plus Post Warranty
- SpatiaX-sxCAD for AutoCad
- TG WEB Direct Purchase
- Total CAD Systems

Owing Remediation

A. WT-1 Station

Location:	Lea County, NM
Agency:	New Mexico Oil Conservation Division ("NMOCD")
Status:	***WT- 1*** *Station Dehy Area* Soil and groundwater in the dehy area are impacted with natural gas condensate liquid. Off-site soil and groundwater has also been impacted. Groundwater monitoring occurs semiannually with annual reporting to the NMOCD. *WT-1 Station Engine Room Pit Area* — Soil and groundwater in the engine room pit area are impacted with used lube oil that also contains low concentrations of halogenated organic compounds. Off-site soil and groundwater has also been impacted. Groundwater monitoring occurs semiannually with annual reporting to the NMOCD.

B. Roswell Station

Location:	Chaves County, NM
Agency:	New Mexico Oil Conservation Division
Status:	Soil and groundwater are impacted with natural gas condensate liquid. Trace concentrations of halogenated organic compounds in soil and groundwater are present in the area immediately around the former burn pits. Off-site soil and groundwater has also been impacted. Groundwater monitoring occurs semiannually with annual reporting to the NMOCD.

C. Laguna Station

Location:	Cibola County, NM
Agency:	Pueblo of Laguna
Status:	Soil and groundwater are impacted with natural gas condensate liquid, used lube oil containing low concentrations of halogenated organic compounds, and PCBs. Off-site soil and groundwater has also been impacted. Groundwater monitoring occurs semiannually with annual reporting to the Pueblo of Laguna. TPC is currently in the process of removing hydrocarbon impacted soils in the turbo charger area of the facility.

D. N. Crawar Station

Location:	Ward County, TX
Agency:	Texas Railroad Commission (“TRC”)
Status:	Soil and groundwater are impacted with natural gas condensate liquid. Off-site soil and groundwater has also been impacted. TPC was the historical owner and operator of the site during the period of the release. A public water supply well owned and operated by the Crane County Water District is located about 1000 feet east of the site but there are no known impacts to this well arising from contamination at the N. Crawar Station. Groundwater monitoring occurs semiannually with annual reporting to the TRC.

E. Bell Lake Plant

Location:	Lea County, NM
Agency:	New Mexico Oil Conservation Division
Status:	Soil and groundwater are impacted with natural gas condensate liquid, caustic, and mercaptans. Off-site soil and groundwater has also been impacted. Groundwater monitoring occurs semiannually with annual reporting to the NMOCD.

F. Thoreau Station

Location:	McKinley County, NM
Agency:	New Mexico Oil Conservation Division and Navajo Nation EPA (“NNEPA”)
Status:	Soil and groundwater are impacted with natural gas condensate liquid and PCBs. Off-site soil and groundwater has also been impacted. Groundwater monitoring occurs semiannually with annual reporting to the NMOCD and NNEPA.

G. Ivanhoe Station

Location:	Beaver County, OK
Agency:	Oklahoma Corporation Commission (“OCC”)
Status:	Soil and groundwater are impacted with natural gas condensate liquid. Soil and groundwater of property adjacent to the Ivanhoe Station has also been impacted. The affected property has been acquired by TPC. Groundwater monitoring occurs semiannually with annual reporting to the OCC.

H. Puckett Plant

Location	Pecos County, Texas
Agency	Texas Railroad Commission
Status	Status Arsenic was utilized in the natural gas processing at the Puckett Plant. This resulted in surface soil and equipment contamination with elevated levels of arsenic. As a result, TPC was issued a permit by the TRC to abandon the plant by creating several on-site landfills. TPC is required to monitor the condition of the site and the associated clay caps, operate and service an offsite groundwater well, maintain the existing monitoring wells and renew the permit in 2017.

Other Matters

TPC received an Information Request from the Texas Commission on Environmental Quality dated October 15, 2003 regarding the San Angelo Electric Service Company site in San Angelo Texas. TPC responded to the Request in November 2003 stating it has been unable to identify any responsive information. There has been no further communications with the Texas Commission on Environmental Quality on this matter since November 2003.

TPC has reported deviations from permit conditions under the EPA Title V air-permitting program but has since addressed the conditions resulting in such deviations. To TPC's Knowledge, there are no notices of violation, either pending or threatened, for such deviations.

TPC recently discovered a leaking oil/water drain line located at the Klagatoh Compressor Station in Arizona. TPC is in the process of evaluating any potential impacts as a result of the leaking line.

New v. Georgia Pacific Corporation et al., Case No. 2004-57450 (asbestos MDL Case, District Court Harris County, Texas). Norma New and the estate of Darrell New have filed suit against Northern Natural Gas Company ("Northern") and others claiming asbestos exposure he allegedly suffered while working as an employee of TPC and others. By letter dated May 30, 2006 Northern requested TPC assume the defense of the suit or indemnify Northern for its costs, expenses an attorney's fees. TPC declined. TPC has not been named as a defendant in the litigation.

TPC is in the process of removing and disposing of certain PCB impacted equipment located at the Thoreau Compressor station. TPC is currently making payments to customers whose facilities have been impacted by PCBs under the Operating Agreement between Pacific Gas & Electric Company and TPC dated June 27, 1995 and the agreement between and TPC and Southern California Gas Company regarding PCB Claims Post-1990 Costs dated May 15, 1992.

Section 3.16(a)
TAX MATTERS

None.

Section 3.16(b)
TAX MATTERS

None.

Section 3.17(a)
ABSENCE OF CERTAIN CHANGES OR EVENTS

1. Closing of that certain Purchase and Sale Agreement, dated as of November 18, 2005, by and between TPC and PVR Midstream LLC (sale of Mocane lateral and appurtenant properties).

2. Execution of that certain Purchase and Sale Agreement, dated February 27, 2006, between TPC, El Paso Natural Gas Company, and Salt River Project Agricultural Improvement and Power District (purchase option on Santan Lateral).

Section 3.17(b)
ABSENCE OF CERTAIN CHANGES OR EVENTS

1. Calpine declared bankruptcy in 2005, and repudiated its transportation contract with TPC in 2006.
2. TPC has renegotiated transportation arrangements with certain former global settlement shippers at rates or volumes that are lower than prior revenue levels.
   a. FTS-1 Firm Transportation Contract (Contract #101629), effective April 1, 2007, by and between TPC and Pacific Gas and Electric Company.
   b. FTS-1 Firm Transportation Contract (Contract #101595, effective March 1, 2007, by and between TPC and Chevron U.S.A., Inc.
   c. FTS-1 Firm Transportation Contract (Contract #101578), effective March 1, 2007, by and between TPC and UNS Gas, Inc.
3. TPC had unsubscribed San Juan-Needles capacity for the period January — March 2006 that is sold at rates and volumes that were less than the prior year.
4. 2006 transport capacity value for Permian-west has been below expectations due to low basis differentials.

Section 3.17(c)
ABSENCE OF CERTAIN CHANGES OR EVENTS

1. Certain firm contracts have been extended in the ordinary course of business.

2. On July 21, 2006 and again on August 9, 2006, TPC entered into amendments to the Phoenix Project Expansion Agreements with Salt River Project, Arizona Public Service Company and Southwest Gas Corporation to extend TPC's deadline for providing notice of termination due to certain cost increases.

Section 3.18
ABSENCE OF UNDISCLOSED LIABILITIES

1. In 1992, Argentina granted Transportadora de Gas del Sur S.A. ("TGS") a 35-year license to operate Argentina's main natural gas pipeline. Following a competitive bid process, the Argentine government awarded the bid to own and operate the TGS pipeline to a consortium that included Enron Corp. ("Enron"). As part of the bid application, TPC's net worth was used to satisfy certain net worth requirements set forth in the bidding rules, and TPC agreed to provide ongoing technical support to the Enron affiliate, Enron Pipeline Company-Argentina, S.A. ("EPCA"), serving as the Technical Operator for the TGS pipeline. In addition, TPC guaranteed the performance of EPCA's obligations under certain shareholder and other agreements with its joint venture partner.

Enron entered into a Master Settlement and Mutual Release Agreement (the "MSA") with PetrOleo Brasilerio S.A. ("Petrobras") on April 16, 2004, containing, among other things, the following provisions: (1) Petrobras fully released Enron and its affiliates from any liabilities arising from, among other things, the direct or indirect sale by Enron of TPC, which release includes a release of future claims; (2) any performance obligation owed by TPC to Petrobras regarding EPCA's performance obligations under certain governance agreements was terminated; and (c) the Enron parties agreed, subject to the consent of Ente Nacional Regulador de Gas ("ENARGAS"), to the assignment of that certain Technical Assistance Agreement (the "TAA") to Petrobras.

On May 27, 2004, EPCA and Petrobras filed an application with ENARGAS seeking consent to the assignment of the TAA from EPCA to Petrobras. In a resolution, dated June 11, 2004, ENARGAS declared that it had no objections to the assignment of the TAA from EPCA to Petrobras on the terms previously disclosed to ENARGAS. The ENARGAS resolution contained broad language releasing TPC from its potential joint liability with EPCA. On July 29, 2004, EPCA filed a letter with ENARGAS stating its understanding that, by virtue of the ENARGAS resolution, the Enron economic group and the transfer restriction under the Bidding Rules had terminated. To date, we are not aware of any response from ENARGAS.

As of the date hereof, although the effectiveness of the release, which is a matter of Argentine law, could be questioned, TPC does not believe there is significant risk of any claim in connection with TGS that would lead to potential liability to TPC given, among other things, (1) ENARGAS has consented to the assignment of the TAA, (2) ENARGAS would have to prove damages to TGS from TPC breaking from the Enron economic group and TGS has not suffered any financial or operational damages, (3) the impact and likelihood of any liability to TPC resulting from operational upset to the system or a line rupture will lessen over time, and (4) by virtue of the passage of time without objection, ENARGAS may be "estopped" from taking a position contrary to the July 29, 2004, EPCA letter.

2. Evaluation is ongoing of an increase in operation and maintenance costs associated with the TPC Ivanhoe remediation project. The increase in costs is attributable to securing an alternate source of fuel to operate the thermal oxidizer for the duration of the remediation project. The current estimated increase is a total of approximately $1,000,000 to $2,500,000 over the projected 12 year period.

Section 3.20
AFFILIATED TRANSACTIONS

Section 3.7(b) of the CCE Disclosure Letter is incorporated herein by reference.

Section 3.21
2006 — 2007 POLICY SCHEDULE

Coverage Description	Limits	Company	Policy No.
Automobile Coverage			
CCE Holdings LLC	**$2MM CSL**	**Travelers Property Casualty Co. of America**	**TC2ICAP750G9200**
Worker's Compensation			
CCE Holdings LLC	**$IMM/$1MM/$1MM**	**Charter Oak Fire Insurance Company**	**TC2OUB749G9945**
CCE Holdings LLC (AZ)	**$1MM/$1MMAIMM**	**Travelers Property Casualty Co. of America**	**TRJUB749G9933**
Excess Liabilities			
Primary	**$35MM**	**AEGIS**	**X0012A1A06**
1st Excess	**$100MM xs $35MM**	**EIM**	**250162-06GL**
2nd Excess	**$25MM xs $135MM**	**Aegis Syndicate (Aon Limited)**	**WE0600136**
3rd Excess	**$150MM xs $160MM**	**XL (Aon Bermuda) —100mm plo 150mm xs 160mm**	**BM00022138L106A**
		Zurich (Aon Bermuda) —50mm plo 150mm xs 160mm	**ZGEB-0112L**
4th Excess	**$200MM xs $310MM**	**OCIL — Bermuda 150mm p/o 200mm xs 310mm**	**U920032-0705**
		Zurich (Aon Bermuda) —25mrn plo 200mm xs 310mm	**ZGEB-0 1 12L**
		Westchester (Swett & Crawford)-25mm p/o 200mm xs 310mm	**G22035265001**
Property Program			
OIL Property	**$250MM**	**OIL Insurance Limited**	**2003-262**
Property XS OIL Wrap	**$200MM**	**Birmingham Fire Insurance Company of PA**	**ARS4564**
		SR International Business Insurance Co. Ltd. through Aon Limited	
		Commonwealth Insurance Company	
Terrorism	**$200MM**	**Underwriters at Lloyd's through Aon Limited**	**E05RQ2598900**

Section 3.22
REGULATORY MATTERS

(a) The December 31, 2004 and December 31, 2005 balance sheets in the FERC Form 2s require an adjustment to reduce deferred taxes (account 283) and goodwill (account 186) by $17.3MTVI. These amounts do not affect the GAAP financial statements

(b) 1. TPC, Docket No. 1NO2-6-000, (Order to Respond arising from TPC's 2001 financing)

2. TPC, Docket No. RP97-288-000 (negotiated rate filing for Red Rock Expansion Project contracts)

3. TPC, Docket No. RPO4-214, (Cross Timbers Reservation charge crediting)

4. TPC, Docket No. CP06-59, (Accounting filings regarding PVR Midstream asset sale)

5. TPC, Docket No. PF06-4-000, Request for Pre-Filing Review Determination (Phoenix Project)

6. As a result of a rate settlement in FERC Docket No. RP95-271, et al., TPC is obligated to prepare and file an NGA Section 4 rate case for rates to be effective November 1, 2006.

Section 3.23(c)
INTERNAL CONTROLS

None.

Section 3.24
HEDGING

Section 3.7(a), items #1 and #2 under Gas Contracts of the CCE Disclosure Letter is incorporated herein by reference.

Section 3.25
BANK ACCOUNTS; POWERS OF ATTORNEY

Bank Accounts	Power of Attorney
Chase (Syracuse) - Account ## Controlled Disbursement	Bond, Robert Chanley, Earl Geaccone, Tracy Hawkins, Don Kinney, Katherine Lefelar, Gary Marshall, Richard McEllin, David Murray, Douglas Simon, Mary Smith, Rick Whippo, Jeffrey
JPMorgan Chase Right of Way Drafts — Account # Controlled Disbursement	Bond, Robert Ciccariella, Mark Cloud, Richard Fannan, Michael Fuentes, Peter Fuentes, Rodney Gleffe, Lawrence Kelly, Sheri Lefelar, Gary Lyons, Steven Marshall, Richard McNickol, Daniel Piwko II, Ronald Sutherland, Judy Trepl, Paulette Westbrook, Roger

JPMorgan Chase Working Fund - Account # Controlled Disbursement	Bond, Robert Chanley, Edwin Hawkins, Don Kinney, Katherine Lefelar, Gary Marshall, Richard McEllin, David Murray, Douglas Simon, Mary Whippo, Jeffrey
Wachovia Securities Money Market Sales - Account #	Bond, Robert Geaccone, Tracy Lefelar, Gary Marshall, Richard McLaughlin, Michael
Wachovia (BlackRock) Money Market - Account #	Bond, Robert Geaccone, Tracy Lefelar, Gary Marshall, Richard McLaughlin, Michael
JPMorgan Chase Wire - Account #	Bond, Robert Lefelar, Gary Marshall, Richard

Section 3.26
GAS IMBALANCES

TPC - Summary of OBA Balances
As of June 30, 2006

Receivable Balances

Operator	Dollars	Volume	Imbalance Type
Frontier Field Services LLC	$ 340,769		Dollar Valued
Amarillo Nat Gas	$ 269,072		Dollar Valued
Crosstex Energy Services	$ 199,798		Dollar Valued
Williams Field Services	$ 184,024		Dollar Valued - monthly cash out
Red Cedar Gathering	$ 176,609	30,984	Volumetric **
Panhandle Eastern Pipeline	$ 164,291	28,823	Volumetric **
Connect Energy Services	$ 135,633		Dollar Valued - monthly cash out
Jumbo American Petroleum	$ 120,030		Dollar Valued
TEPPCO Partners, LP	$ 107,496		Dollar Valued - monthly cash out
Northern Natural Gas	$ 106,459		Dollar Valued - monthly cash out
New Mexico Nat Gas	$ 93,917		Dollar Valued - monthly cash out
Southern California Gas Co	$ 85,865	15,064	Volumetric **
Dominion Gas Ventures	$ 82,569		Dollar Valued
Plains Gas Farmers Co-Op	$ 69,883		Dollar Valued - monthly cash out
West Texas Gas Inc	$ 57,825		Dollar Valued
Northwest Pipeline	$ 39,541	6,937	Volumetric **
PNM Gas Services	$ 31,488		Dollar Valued
Lonestar Gas Company	$ 29,161	5,116	Volumetric **
Seven M Gas	$ 19,958		Dollar Valued
Southern Star Central Gas PL	$ 19,146	3,359	Volumetric **
Elm Ridge Resources	$ 11,760		Dollar Valued
Devon Energy Production	$ 11,586		Dollar Valued - monthly cash out
Oasis Pipe Line Company	$ 9,461		Dollar Valued
Mewbourne Oil Company	$ 8,390		Dollar Valued
Exco Resources	$ 7,844		Dollar Valued - monthly cash out
Mid-America Pipeline	$ 4,760	835	Volumetric **
Giant Industries Arizona	$ 2,373		Dollar Valued
Total Receivable Balances	*$ 2,389,709*		

TPC Summary of OBA Balances
As of June 30, 2006

Payable Balances

Operator	Dollars	Volume	Imbalance Type
Strat Land Exploration	$ (260,015)		Dollar Valued
Duke Energy Field Sery LP	$ (236,724)		Dollar Valued
ANR Pipeline	$ (224,038)		Dollar Valued
Southern Union Gas Services, LTD	$ (219,081)		Dollar Valued
Agave Energy Co	$ (218,108)		Dollar Valued
Enterprise Texas Pipeline	$ (212,793)		Dollar Valued - monthly cash out
Navajo Tribal Utility Authority	$ (161,911)		Dollar Valued
Calpine Energy Services	$ (132,851)		Dollar Valued
OneOk Westex Transmission	$ (127,719)		Dollar Valued
Enterprise Field Servies LLC	$ (111,017)		Dollar Valued - monthly cash out
Regency Gas Services	$ (89,422)		Dollar Valued
E New Mexico Gas Accoc	$ (67,915)		Dollar Valued
Questar Southern Trails Pipeline	$ (49,411)		Dollar Valued - monthly cash out
UNS Gas Inc	$ (69,803)		Dollar Valued
TransColorado Gas Transmission	$ (32,898)		Dollar Valued
State of Texas	$ (29,805)		Dollar Valued
Bettis, Boyle, Stovall	$ (26,760)		Dollar Valued
Unocal Keystone Gas	$ (25,000)	(4,386)	Volumetric **
EOG Resources Inc	$ (17,476)		Dollar Valued
BP America Production	$ (17,425)	(3,057)	Volumetric **
SW Cheese	$ (12,101)		Dollar Valued
Red Willow Mid-Continent LLC	$ (12,076)		Dollar Valued - monthly cash out
Natural Gas Pipeline Company	$ (10,963)		Dollar Valued
El Paso Natural Gas	$ (9,730)	(1,707)	Volumetric **
SW Gas Transmission	$ (2,967)		Dollar Valued - monthly cash out
PPC Energy LP	$ (1,951)		Dollar Valued
WTG Gas Marketing	$ (1,611)		Dollar Valued
Atmos Energy	$ (743)		Dollar Valued - monthly cash out
Pacific Gas and Electric Company	$ (125)	(22)	Volumetric **
Total Payable Balances	*$ (2,382,437)*		
Total Net Imbalances	*$ 7,272*		

** *The volumetric balances at June 30, 2006 were valued at $5.70.*

Section 5.1(a)
CONDUCT OF BUSINESS

1. As a result of a rate settlement in FERC Docket No. RP95-271, et al., TPC is obligated to prepare and file an NGA Section 4 rate case for rates to be effective November 1, 2006.

2. TPC may do all things necessary, including entering into all appropriate agreements and making all appropriate regulatory filings, for the construction and completion of the proposed Phoenix Expansion Project, substantially as approved by the Executive Committee of CCE by written consent on August , 2006.

3. CCE may pay off all Existing TW Holdings Debt as per this Agreement.

4. TPC intends to sell a group of servers and associated computer equipment that is shared by TPC and its Affiliates, for the net book value, to one of its Affiliates. The TPC net book value of the group of servers on June 30, 2006 was $783,342. This transaction shall not impact the Net Working Capital Amount for purposes of this Agreement.

Section 5.1(b)
CONDUCT OF BUSINESS

Section 5.1(a) of the CCE Disclosure Letter is incorporated herein by reference.

Section 5.1(b)(iv)
CONDUCT OF BUSINESS

Section 3.12(a), Item #10 of the CCE Disclosure Letter is incorporated herein by reference.

Section 5.1(b)(xii)(C)
CONDUCT OF BUSINESS

None.

Section 5.5(g)
SHARED SERVICE EMPLOYEES

See attached Shared Services Chart.

Section 5.11

TRADEMARKS

Mark	Registration Serial No.	Registration Owner
Transwestem	0750308 72/112505	Transwestem Pipeline Company
Logo (TW with Flame)	0734713 72112506	Transwestem Pipeline Company

Section 6.3(e)

CCE CONSENTS

1. Consent of the Missouri Public Service Commission.
2. Consent of the Massachusetts Department of Telecommunications and Energy.
3. Consent required under the Bridge Loan Agreement, dated as of March 1, 2006, by and among Southern Union Company and Enhanced Service Systems, Inc., as the Borrowers, and certain Banks party thereto.
4. Consent required under the Fourth Amended and Restated Revolving Credit Agreement dated as of September 29, 2005, as amended by the First Amendment effective as of February 27, 2006, by and among Southern Union Company as the Borrower and the Banks named therein.

Exhibit B

Transition Services Agreement Term Sheet

CCE Holdings, LLC ("Providing Company") and Energy Transfer Partners, L.P., ("Receiving Company") shall enter into a Transition Services Agreement ("TSA") on the Closing Date, as that term is defined in the Redemption Agreement by and between Providing Company and Receiving Company. The TSA shall specify terms and conditions substantially similar to the following:

1. General: The Providing Company agrees to provide, or cause to be provided, to the Receiving Company the transition services for Transwestern Pipeline Company, LLC ("TPC") as set forth in Paragraph 17 below on the terms and conditions described herein. The Receiving Company agrees to compensate the Providing Company for the transition services at an agreed upon price, as set forth in Paragraph 4.

2. Additional Services: The Parties agree to work in good faith to provide any additional transition services reasonably requested by the other Party.

3. Term of TSA: The TSA shall terminate one year after the Closing Date; provided, however, that the term may be extended (i) with respect to witness consulting services related to the TPC Rate Case as contemplated by paragraph 6(c), until such time as an order resolving the TPC Rate Case is determined to be final and nonappealable and (ii) with respect to the IT services described in Paragraph 17, until such time with respect to each IT service as specifically set forth in the migration plan developed by the parties. Following the execution of the Redemption Agreement, the parties shall meet at mutually agreeable times and work together in good faith to develop an IT migration plan in order to transition the IT functions reasonably necessary for TPC to function independently of [CCES and PEPL] with a goal of completing this IT transition within 12 months after the Closing Date. Individual transition services may be terminated by the Receiving Company by providing thirty (30) days prior written notice to Providing Company.

4. Payment Terms: The Receiving Company shall pay the Providing Company for the cost of providing all transition services based on the Providing Party's actual cost incurred in performing, or causing to be performed, the transition services specified in Paragraph 17 below; provided that, in the event that the term of the TSA is extended as provided in Paragraph 3 above, the Receiving Company shall pay the Providing Party for providing the transition services based on the Providing Party's actual cost of providing the transition services. The costs shall include the fully loaded cost of labor as documented using timesheets, any third party costs, and all allocated costs consistent with Providing Company's internal cost allocation practices, provided that in no event shall costs include any allocation of federal income taxes. Providing Company shall bill Receiving Company for transition services on a monthly basis. The Receiving Company shall pay the Providing Company its calculated costs for all transition services invoiced within thirty (30) days of receipt of an invoice.

5. Books and Records; Audit Rights: The Providing Company shall keep books and records that appropriately document charges for transition services rendered under the TSA. Receiving Company shall have audit rights appropriate to confirm that all billings are for transition services and are otherwise consistent with the TSA.

6. Performance Standards; Role of Providing Company:

a. *Performance Standards*: With respect to any service provided hereunder by Providing Company, or any service which Providing Company causes to be provided hereunder, Providing Company will use, or cause to be used, the same degree of diligence, care and economy as it would in conducting such services for its interstate pipeline companies.

b. *Objectives*: Providing Company will cooperate with Receiving Company in the transition of TPC to new ownership contemplated under the Redemption Agreement. Providing Company will make reasonable accommodations for training and support of Receiving Company personnel or their designees to conduct the transition services set forth in Paragraph 17 below..

c. *Regulatory Matters:* Providing Company acknowledges that, after the Closing Date, a number of critical regulatory filings related to the TPC Rate Case must be made, along with the performance of a number of ancillary duties, including but not limited to stakeholder meetings, witness preparation, and possible hearings. After the Closing Date, Providing Company shall make reasonably available to Receiving Company, upon its written request, any employee of Providing Company or its Affiliates whose assistance or participation is reasonably necessary for the TPC Rate Case in order to prepare, prosecute and/or defend the TPC Rate Case.

d. *Witness/consultation services*: Providing Company shall make available, to Receiving Company, Providing Company's then-current officers, directors and employees as witnesses and/or consultants to the extent that (i) such persons may reasonably be required by Receiving Company in connection with the TPC Rate Case, or in connection with any investigation or complaint involving or affecting TPC as of the Closing Date and (ii) there is no conflict between Receiving Company and its Affiliates, on the one hand, and Providing Company and its Affiliates, on the other hand, in the TPC Rate Case, investigation or complaint proceedings or in the positions either Party has taken or is reasonably likely to take in the foreseeable future.

e. [intentionally left blank]

f. *Independent Parties*: In providing transition services under the TSA, Providing Company is acting as an independent contractor. Except as expressly provided in the TSA, neither Party undertakes to perform any obligation of the other, whether regulatory or contractual, or to assume any responsibility for the other Party's business or operations. Notwithstanding any provision of the TSA to the contrary, the TSA shall only be construed as establishing a contract between unrelated business entities for the provision and purchase of certain services and shall not be deemed to create a partnership, joint venture, agency or any other type of joint relationship between the Parties.

7. Role of Receiving Company: On and after the Closing Date and notwithstanding the existence of the TSA, Receiving Company shall have controlling authority over TPC, and will make all material decisions concerning the business and operations of TPC. Upon consultation with Providing Company, Receiving Company shall assure that decisions are made, requests are responded to and questions are resolved on a timely basis such that Providing Company may accomplish its obligations in a timely manner.

8. Limitation of Liability and Indemnities: Receiving Company shall fully indemnify Providing Company and its Affiliates as to all third party claims, costs and liabilities to third parties associated with the transition services. Providing Company and its Affiliates shall only be liable to Receiving Company in the event of gross negligence or willful misconduct in providing the transition services under the TSA and Providing Company's liability shall in any event be limited to the actual payments received for transition services. Neither Providing Company or Providing Company's Affiliates nor Receiving Company or Receiving Company's Affiliates, nor their respective officers, directors, agents, employees, successors or assigns, shall be liable to the other Party or their Affiliates and their officers, directors, agents, employees, successors or assigns, for any incidental, punitive, special, indirect, multiple or consequential damages connected with or resulting from performance or non-performance of the TSA.

9. Good Faith Cooperation; Consents: The Parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of transition services. Subject to the other provisions of the TSA, such cooperation shall include exchanging information, providing electronic access to systems used in connection with the transition services to the extent systems are designed and configured to permit such access, and obtaining all consents, licenses, sublicenses or approvals necessary to permit such party to perform its obligations. The costs of obtaining consents, licenses, sublicenses or approvals shall be the responsibility of Receiving Company.

10. Proprietary Software: Providing Company will provide, or cause to be provided, a license to Receiving Company to utilize proprietary software and applications currently utilized by TPC and owned by Southern Union, CCES or their wholly-owned Affiliates.

11. Third Party Software Consents: At the expense of the Receiving Company, Providing Company will cooperate with Receiving Company to seek consents, waivers or approvals necessary to allow Providing Company to utilize third party software to provide transition services to Receiving Company during the transition period. Notwithstanding anything herein to the contrary, if the consents, waivers, approvals, or standstill agreements are not obtained, or are not reasonably satisfactory to Providing Company, then Providing Company shall not be obligated to utilize Providing Company's third party software for the benefit of Receiving Company or to provide the related transition services.

12. Force Majeure: The Providing Company shall not be liable for any failure or delay in performance under the TSA to the extent such failure or delay is caused by forces beyond the Providing Company's reasonable control and occurs without Providing Company's fault or gross negligence; including, without limitation, failure of suppliers, failure of vendor to support current software/hardware version, failure of subcontractors, lack of availability of necessary employee resources, and failure of carriers, provided that, as a condition to the claim of non-liability, the Providing Company shall provide the Receiving Company with prompt written notice, with full details following the occurrence of the cause relied upon. All obligations to provide a specific transition service that are delayed under this clause, shall be extended for that specific transition service only by a period equal to the term of the resultant delay to the extent the cause for the failure of delay is reasonably subject to remedy.

13. Assignment: The TSA may not be assigned (including by operation of law) by any Party without the prior written consent of the other Party, and any purported assignment, unless so consented to, shall be void and without effect. Notwithstanding the foregoing, Providing Company may assign all or part of it duties under this Agreement to any of its Affiliates without the prior written consent of the Receiving Company; provided that no assignment or delegation shall relieve the Providing Company of its obligations hereunder. Providing Company may, in the ordinary course of business or as may be deemed best practice under the circumstances, subcontract the performance of certain aspects of this TSA to a third party consultant acting under the supervision of Providing Company; provided, however, that any decision to subcontract, to an Affiliate or third party, any transition service(s) related to the Regulatory Matters must be reviewed and given prior authorization by the Receiving Party, which authorization shall not be unreasonably denied.

14. Confidentiality:

a. *Possession, degree of care*: The TSA and all Confidential Information provided under or with respect to the services described in the TSA shall be subject to a comprehensive confidentiality agreement. Each Party acknowledges that the other possesses and, in carrying out the TSA, will possess information that has been developed or received by it or its Affiliates that is not in the public domain and is considered Confidential Information. The term “Confidential Information” does not include information that (i) is already in the receiving party’s possession, provided that such information is not known to be subject to another confidentiality agreement with or other obligation of secrecy, or fiduciary duty of confidentiality, to or any representative of the party providing such Confidential Information, (ii) becomes generally available to the public other than as a result of a disclosure by the receiving party or its representatives, or (iii) becomes available to the receiving party on a non-confidential basis from a source other than the providing party or its representatives, provided that such source is not known by the receiving party to be bound by a confidentiality agreement with or other obligation of secrecy, or fiduciary duty of confidentiality, to providing party or any of its representatives. For purposes of this letter agreement, the term “representatives” shall include directors, officers, partners, employees, affiliates, agents, advisors, including, without limitation, counsel, financial advisors, accountants of, or to, .

Each Party will use at least the same degree of care to prevent disclosing to third parties the Confidential Information as it employs to avoid unauthorized disclosure, publication or dissemination of its own information of a similar nature. Neither Party will make any use or copies of the confidential information of the other Party except as contemplated by the TSA.

b. *Disclosure notice*: A Party shall not be considered to have breached its obligations under the TSA for disclosing confidential information if such disclosure is required to satisfy any legal requirement of a competent court or governmental authority, provided that, promptly upon receiving any such request and to extent that it may legally do so, such Party advises the other Party promptly and, to the extent reasonably practicable, prior to making such disclosure in order that the other Party may interpose an objection to such disclosure, take action to assure confidential handling of the confidential information, or take such other action as it deems appropriate to protect the confidential information.

c. *Destruction of confidential information*: Upon the termination or expiration of the TSA or at any time requested by a Party consistent with its duties under the TSA and the Redemption Agreement; each Party shall return or destroy (and certify the destruction) at Receiving Company's option, all documentation in any medium that contains, refers, to, or relates to the Confidential Information of the requesting Party. With respect to the destruction of electronic records, a Party shall be deemed to be in compliance with this Paragraph if it uses reasonable efforts to return or destroy such Confidential Information.

15. Compliance with Laws and Regulations: Both Parties shall comply with, and will use reasonable efforts to require that their Affiliates and subcontractors comply in all material respects with, applicable laws and regulations relating to the transition services. In performing their respective obligations under the TSA, neither Party will be required to undertake any activity that would violate any applicable laws or regulations.

16. Governing Law: The TSA will be governed by and construed in accordance with the laws, other than choice of law rules, of the State of New York.

17. List of transition services that will be provided to Receiving Company:

I. Operations & Engineering

A) Technical Expertise – assistance related to pipeline safety, measurement, compression and prime movers, environmental compliance, right of way, engineering and construction, and safety

B) Pipeline integrity/corrosion control/engineering records

C) Purchasing/supply management

D) Contract management

II. Accounting/Tax

A) Taxes other than income for calendar year 2006

B) Credit services

C) Oracle financial system support

D) Accounts payable support/vendor maintenance

III. Regulatory & Legal

A) TPC Expansion Projects

B) TPC Rate Case, including witness and/or consultation services

C) General regulatory filings, proceedings or matters

D) Compliance advice

IV. Information Technology

A) Systems – financial, treasury, gas control, SCADA and gas measurement, billing, customer, asset management, geographic information systems and other operations systems

B) Telecommunications

C) Hardware

D) Systems/software

E) Network and desktop

F) Disaster recovery

G) Data center, including all hardware, web-site, site administration and IT support needed to maintain and continually update FERC-required Informational Postings

H) Electronic Data Interchange support

V. Office space

VI. Data Storage/Retrieval

VII. Intellectual Property

Providing Company and its Affiliates will provide a temporary license to Receiving Company to use the trademarks currently utilized by TPC.

18. List of services that will not be provided to Receiving Company

Treasury/cash management/lockbox

Financial reporting

Internal controls

Human resources, payroll and benefits

Corporate legal

Governmental affairs

Litigation management

Corporate governance functions

Internal audit

19. Performance Covenant. Panhandle Eastern Pipe Line Company, LP hereby covenants, to the extent permitted by applicable law, to cause Providing Company to perform the duties and obligations of Providing Company hereunder.

Exhibit C

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

CCE HOLDINGS, LLC

dated as of , 2006

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CCE HOLDINGS, LLC

This Second Amended and Restated Limited Liability Company Agreement of CCE Holdings, LLC, a Delaware limited liability company (the "Company"), is entered into as of this day of , 2006, by and between Energy Transfer Partners, L.P., a Delaware limited partnership, CCE Acquisition, LLC, a Delaware limited liability company, and CCEA Corp., a Delaware corporation.

W I T N E S S E T H:

WHEREAS, the Certificate of Formation of the Company was filed with the Secretary of State of Delaware on May 14, 2004, in accordance with the Delaware Limited Liability Company Act;

WHEREAS, the parties hereto are the sole members of the Company; and

WHEREAS, the parties hereto desire to amend and restate the limited liability company agreement of the Company as set forth herein in order to provide for the manner in which the Company shall be governed and operated subsequent to the date hereof; and

NOW, THEREFORE, in consideration of the premises hereof, and of the mutual covenants and agreements contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Defined Terms. The following terms have the meanings hereinafter indicated whenever used in this Agreement with initial capital letters:

"Accepting Member" shall have the meaning specified in Section 5.1(b)(i).

"Act" shall mean the Delaware Limited Liability Company Act, at Del. Code Ann., Title 6, Section 18-101, et seq., as amended.

"Adjusted Capital Account" shall mean, with respect to any Member, the balance in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Crediting to such Capital Account any amounts that such Member is obligated to restore pursuant to this Agreement or is deemed to be obligated to restore pursuant to Regulations Sections 1.704-1(b)(2)(ii)(b)(3), 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debiting to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii) (d)(4), (5) and (6).

The foregoing definition of "Adjusted Capital Account" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)*(d)* and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Adjusted Capital Account.

"Administrative Services Agreement" shall mean the Amended and Restated Administrative Services Agreement substantially in the form of Exhibit C or in such other form as shall be approved by the Executive Committee.

"Administrative Services Provider" shall mean the Person that from time to time shall be a party to the Administrative Services Agreement with the Company.

"Affiliate" shall mean, with respect to a Person, another Person that directly or indirectly controls, is controlled by or is under common control with such first Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote a majority of the securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Percentage Interest" shall mean, with respect to each Member, its proportionate interest, expressed as a percentage, in the residual Profits, Losses and distributions of the Company to which the Members are entitled. The Aggregate Percentage Interests of the Members are set forth on Exhibit A.

"Agreement" shall mean this Amended and Restated Limited Liability Company Agreement, including all exhibits and schedules attached hereto, as amended, modified or otherwise supplemented, from time to time.

"Asset Value" shall mean, with respect to any asset of the Company (other than cash), the adjusted basis of such asset as of the relevant date for federal income tax purposes, except as follows:

(a) the initial Asset Value of any asset (other than cash) contributed by a Member to the Company shall be the fair market value of such asset (as determined by the Members) at the time of contribution;

(b) the Asset Values of all Company assets (including intangible assets such as goodwill) shall be adjusted to equal their respective fair market values as of the following times:

(i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for a Capital Contribution;

(ii) the distribution by the Company to a Member of an amount of money or Company property as consideration for an interest in the Company; or

(iii) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(c) the Asset Value of any Company asset distributed in kind to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution, as determined by the Members;

(d) the Asset Values of any Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided that Asset Values shall not be adjusted pursuant to Code Section 743(b) to the extent that the Members make a corresponding adjustment under subparagraph (b)(ii); and

(e) if the Asset Value of an asset has been determined or adjusted pursuant to subsection (a), (b) or (d) above, such Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses and other items allocated pursuant to Article VII.

The foregoing definition of "Asset Value" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"Bankruptcy Event" shall be deemed to occur with respect to any Person if (a) such Person shall institute a voluntary case seeking liquidation or reorganization under Bankruptcy Law, or shall consent to the institution of an involuntary case thereunder against it; (b) such Person shall file a petition or consent or shall otherwise institute any similar proceeding under any other applicable Federal or state law, or shall consent thereto; (c) such Person shall apply for, or by consent there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers for itself or any substantial part of its assets; (d) such Person shall make an assignment for the benefit of its creditors; (e) such Person shall admit in writing its inability to pay its debts generally as they become due; (f) an involuntary case shall be commenced seeking liquidation or reorganization of such Person under Bankruptcy Law or any similar proceedings shall be commenced against such Person under any other applicable Federal or state law and (i) the petition commencing the involuntary case is not dismissed within 60 days of its filing, (ii) an interim trustee is appointed to take possession of all or a portion of the property, and/or to operate all or any part of the business of such Person and such appointment is not vacated within 60 days, or (iii) an order for relief shall have been issued or entered therein; (g) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee or other officer having similar powers of such Person or all or a part of its property shall have been entered; or (h) any other similar relief shall be granted against such Person under any applicable Federal or state law.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Business Day" shall mean any day that is neither a Saturday nor a Sunday nor a legal holiday on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in the States of New York or Texas.

"Capital Account" shall mean, with respect to any Member (and without duplication), the Capital Account maintained for such Member in accordance with the following provisions:

(a) From time to time, the Capital Account of each Member shall be increased by (i) the amount of any cash contributed by the Member to the Company, (ii) the Asset Value (as determined by the Members) of any property contributed by the Member to the Company (net of liabilities that the Company is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), and (iii) allocations to the Member of Profit (or items thereof) and other income and gain pursuant to Section 7.1, including income and gain exempt from tax, and income and gain described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items of income and gain described in Regulations Section 1.704-1(b)(4)(i).

(b) The Capital Account of each Member shall be decreased by (i) the amount of any cash distributed to such Member, (ii) the Asset Value (as determined by the Members) of any property distributed to such Member (net of any liabilities that such Member is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), (iii) allocations to the Member of expenditures described in Section 705(a)(2)(B) of the Code, and (iv) allocations to the Member of Loss (or items thereof) and other loss and deductions pursuant to Section 7.1, including loss and deduction described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items described in clause (iii) above, tax items of loss and deduction described in Regulations Section 1.704-1(b)(4)(i), and items of deduction described in Regulations Section 1.704-1(b)(4)(iii).

(c) A single Capital Account shall be maintained for each Member, which Capital Account shall reflect all allocations, distributions, or other adjustments required by this definition with respect to the Membership Interest owned by such Member.

(d) Upon any transfer of all or part of a Membership Interest as permitted by this Agreement, the Capital Account (or portion thereof) of the transferor that is attributable to the transferred interest (or portion thereof) shall carry over to the transferee as prescribed by Regulations Section 1.704-1(b)(2)(iv)(l).

(e) Notwithstanding anything to the contrary in this definition, it is the intention of the Members that the Capital Accounts of the Members be maintained strictly in accordance with the capital account maintenance requirements of Regulations Section 1.704-1(b)(2)(iv), and that such Capital Accounts be adjusted to the extent required by the provisions of such Regulations or any successor provisions thereto.

"Capital Contribution" shall mean the total amount of money and the net fair market value of property (as determined by the Executive Committee) contributed by each Member to the Company pursuant to this Agreement.

"Cash Flow" shall mean, with respect to any period, all cash received by the Company (other than from the liquidation of any assets pursuant to Article X) plus all cash withdrawn from reserves (as determined to be appropriate by the Executive Committee or, if the Executive Committee does not approve the amount of such reserves, no withdrawal from reserves will be made for such period), less (a) all operating expenses of the Company (including amounts payable under the Administrative Services Agreement but excluding capital expenditures), (b) any amounts withheld by the Company in accordance with Section 6.2, (c) additions to reserves made during such period (as determined to be appropriate by the Executive Committee or, if the Executive Committee does not approve the amount of such reserves, no addition to reserves will be made for such period) and (d) all payments of interest and scheduled principal in respect of Indebtedness of the Company.

"CCE" shall mean CCE Acquisition, LLC, a Delaware limited liability company, and any of its Affiliates that are Members.

"Certificate" shall mean the Certificate of Formation of the Company.

"Citrus Corp." shall mean Citrus Corp., a Delaware corporation.

"Class A Executive Committee Member" shall have the meaning specified in Section 4.1(c).

"Class A Member" shall mean each Person listed on Exhibit A hereto and indicated as such, its respective permitted successors and assigns, and any other Person that is hereafter admitted as a Class A Member pursuant to Article VIII.

"Class A Membership Interest" shall mean a Class A Member's entire interest in the Company including such Class A Member's right to share in the Profits and Losses and distributions of the Company, and the Class A Member's right to vote or consent to, or otherwise participate in, any decision or action of or by the Class A Members granted pursuant to this Agreement or the Act.

"Class A Percentage Interest" shall mean a Class A Member's proportionate interest, expressed as a percentage, in the residual Profits, Losses, and distributions of the Company to which the Class A Members are entitled. The Class A Percentage Interests of the Class A Members are set forth on Exhibit A.

"Class A Prohibited Transferee" shall mean any Persons designated on Exhibit B as a Class A Prohibited Transferee and any Affiliate or successor thereof.

"Class B Executive Committee Member" shall have the meaning specified in Section 4.1(c).

"Class B Member" shall mean each Person listed on Exhibit A hereto and indicated as such, its respective permitted successors and assigns, and any other Person that is hereafter admitted as a Class B Member pursuant to Article VIII.

"Class B Membership Interest" shall mean a Class B Member's entire interest in the Company including such Class B Member's right to share in the Profits and Losses and distributions of the Company, and the Class B Member's right to vote or consent to, or otherwise participate in, any decision or action of or by the Class B Members granted pursuant to this Agreement or the Act.

"Class B Percentage Interest" shall mean a Class B Member's proportionate interest, expressed as a percentage, in the residual Profits, Losses, and distributions of the Company to which the Class B Members are entitled. The Class B Percentage Interests of the Class B Members are set forth on Exhibit A.

"Class B Prohibited Transferee" shall mean any Persons designated on Exhibit B as a Class B Prohibited Transferee and any Affiliate or successor thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statutory provisions.

"Company" shall have the meaning assigned thereto in the preamble to this Agreement.

"Company Minimum Gain" shall mean the amount determined in accordance with Regulations Section 1.704-2(d) by (a) computing with respect to each Nonrecourse Liability of the Company the amount of income or gain, if any, that would be realized by the Company if it disposed of the property securing such Nonrecourse Liability in full satisfaction thereof, and (b) aggregating all separate amounts so computed.

"Company Subsidiaries" shall mean CrossCountry, CrossCountry Alaska, LLC, CrossCountry Energy Services, LLC, Transwestern Holding Company, LLC, Transwestern and CrossCountry Citrus, LLC; provided, however, that none of the foregoing shall be considered a "Company Subsidiary" at such time as the Company shall have disposed of its ownership interests therein.

"Contribution Offer Expiration Date" shall have the meaning specified in Section 5.1(b)(i).

"Contribution Offer Notice" shall have the meaning specified in Section 5.1(b)(i).

"CrossCountry" shall mean CrossCountry Energy, LLC, a Delaware limited liability company.

"Credit Facilities" shall mean such loan agreements and instruments to which the Company or any Company Subsidiary shall be a party from time to time.

"Depreciation" shall mean, for each Fiscal Year or part thereof, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Fiscal Year or part thereof, except that if the Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, the depreciation, amortization or other cost recovery deduction for such Fiscal Year or part thereof shall be an amount which bears the same ratio to such Asset Value as

the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year or part thereof bears to such adjusted tax basis. If such asset has a zero adjusted tax basis, the depreciation, amortization or other cost recovery deduction for each Fiscal Year shall be determined under a method selected by the Members.

"EBITDA" shall mean for any period the consolidated net income of the Company determined in accordance with GAAP plus (a) its reported interest expense, plus (b) its reported income tax expense, plus (c) the amount it reported as depreciation of assets, plus (d) the amount it reported as the amortization of intangibles, plus (e) 50% of Citrus Corp.'s reported interest expense, plus (f) 50% of the amount Citrus Corp. reported as income tax expense, plus (g) 50% of the amount Citrus Corp. reported as depreciation of assets, plus (g) 50% of the amount Citrus Corp. reported as the amortization of intangibles, in each case as determined in accordance with GAAP.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated there under.

"ETP" shall mean Energy Transfer Partners, L.P., a Delaware limited partnership, and any of its Affiliates that are Members.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Executive Committee" shall have the meaning specified in Section 4.1(a).

"Executive Committee Members" shall have the meaning specified in Section 4.1(a).

"Fiscal Year" shall mean the taxable year of the Company, which initially shall be the calendar year.

"GAAP" shall mean United States generally accepted accounting principles consistently applied.

"Governmental Authority" shall mean any court, tribunal, agency, commission, official or other instrumentality of the United States or any state or political subdivision thereof.

"Indebtedness" shall mean, with respect to any Person, (A) all obligations for borrowed money of the such Person, (B) all obligations for the deferred purchase or acquisition price of property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 90 days of the date the respective goods are delivered or the respective services are rendered, (C) the capitalized amount (determined in accordance with GAAP) of all obligations such Person is required to pay or other amounts under any 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, (D) all obligations for borrowed money secured by any lien upon or in any property owed by such Person whether or not such Person has assumed or become liable for the payment of such obligations for borrowed money and (E) all obligations of the type described in any of clauses (A) through (D) above which are guaranteed, directly or indirectly, or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted with recourse by such Person.

"Liquidating Trustee" shall have the meaning specified in the Act.

"Managing Member" shall mean the Member designated pursuant to Section 4.3.

"Material Regulatory Filing" shall mean any filing with any Governmental Authority which, if determined adversely to the Company, would have a material adverse effect on the business, assets or financial condition of the Company.

"Member Nonrecourse Debt" shall mean debt of the Company determined in accordance with the principles of Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" shall mean any and all items of loss, deduction or expenditure (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Regulations Section 1.704-2(i)(2), are attributable to a Member Nonrecourse Debt.

"Members" shall mean each of the Persons set forth on Exhibit A and any other Person that hereafter is admitted as a Member pursuant to Article VIII.

"Membership Interest" and "Membership Interests" shall mean, individually the Class A Membership Interest or the Class B Membership Interest and, collectively, the Class A Membership Interests and the Class B Membership Interests, as the context requires.

"Minimum Gain Attributable to Member Nonrecourse Debt" shall mean that amount determined in accordance with the principles of Regulations Sections 1.704-2(i)(3), (4) and (5).

"Nonrecourse Deductions" shall mean that amount determined in accordance with Regulations Section 1.704-2(b)(1).

"Nonrecourse Liability" shall mean any liability of the Company treated as a nonrecourse liability under Regulations Section 1.704-2(b)(3).

"Person" shall mean any individual, partnership, limited liability company, corporation, trust or other entity.

"Profits" and "Losses" shall mean, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such Fiscal Year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Asset Value of any Company asset is adjusted pursuant to clause (b) or clause (c) of the definition thereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses;

(d) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Asset Value;

(e) In lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period;

(f) To the extent an adjustment to any adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Membership Interest in the Company, the amount of the adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the assets) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses; and

(g) Any items which are specially allocated pursuant to Section 7.1(c) shall not be taken into account in computing Profits and Losses.

"Prohibited Transferee" shall mean those Persons set forth on Exhibit B and any Affiliate or successor thereof.

"Rate Filing" shall mean any application, notice or other submission filed with or otherwise delivered to any Governmental Authority relating to the establishment of, or modification or supplement to, the rates, tariffs or charges for services or commodities provided by any Company Subsidiary; provided, however, that "Rate Filing" shall not include any of the foregoing unless the intended or expected effect thereof is (i) to increase the revenues of the applicable Company Subsidiary by more than 10% per annum, (ii) to increase or decrease the rates chargeable for transportation of natural gas through the applicable Company Subsidiary's pipeline facilities by more than 10%, (iii) the offering by the applicable Company Subsidiary of a new service or (iv) the expansion or addition of capacity of, or the increase in the pressure of, the applicable Company Subsidiary's pipeline facilities.

"Redemption Agreement" shall mean the Redemption Agreement, dated as of September 14, 2006, between the Company and ETP.

"Regulatory Allocations" shall have the meaning set forth in Section 7.1(c)(vii).

"Regulations" shall mean any and all temporary and final regulations promulgated under the Code, as amended from time to time (including corresponding provisions of succeeding regulations).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"SUG" shall mean Southern Union Company, a Delaware corporation.

"Tax Matters Member" shall mean the Member designated to serve as such pursuant to Section 7.5.

"Third Party Purchaser" shall mean any Person (other than a Member or an Affiliate of a Member) that has expressed an interest to purchase any of the Class A Membership Interests or Class B Membership Interests.

"Third Party Purchaser Notice" shall have the meaning specified in Section 8.2.

"Transfer" shall mean any, direct or indirect, sale, assignment, gift, hypothecation, pledge or other disposition, whether voluntary or by operation of law (including through the state law conversion of the legal status of a Member), of a Membership Interest or any portion thereof including as a result of a sale or transfer of the equity interests in a Member or its direct or indirect parent, but the term "Transfer" shall not include any sale or transfer of equity interests in ETP or SUG.

"Transferee" shall mean any Person that receives a Membership Interest as the result of a Transfer from a Transferring Member.

"Transferring Member" shall have the meaning specified in Section 8.2.

"Transwestern" shall mean Transwestern Pipeline Company, LLC.

1.2 Interpretative Matters. In this Agreement, unless otherwise specified or where the context otherwise requires:

(a) the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;

(b) the singular shall include the plural and the plural shall include the singular wherever appropriate;

(c) words importing any gender shall include other genders;

(d) the words "include," "includes" or "including" shall be deemed to be followed by the words "without limitation";

(e) the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;

(f) references to “Sections”, “Articles”, “Exhibits” and “Appendices” shall be to Sections, Articles, Exhibits and Appendices of or to this Agreement;

(g) references to any Person include the successors and permitted assigns of such Person;

(h) the use of the words “or,” “either” and “any” shall not be exclusive;

(i) wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict;

(j) references to any agreement or contract, unless otherwise stated, are to such agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and

(k) the parties hereto have participated jointly in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, this Agreement 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 hereto by virtue of the authorship of any provisions of this Agreement.

ARTICLE II.
ORGANIZATIONAL MATTERS

2.1 Formation. The Company has been formed and exists for the limited purposes described herein and shall be governed by and operated in accordance with the Act. The Members shall execute and the Managing Member shall make, or cause to be made, all filings required by the Act or other applicable law with respect to the formation and operation of the Company.

2.2 Name. The name of the Company is CCE Holdings, LLC.

2.3 Principal Place of Business. The principal place of business of the Company shall be located at 5444 Westheimer Road, Houston, TX 77056. The Members may change the principal place of business of the Company at any time and from time to time.

2.4 Registered Office and Agent. The registered office of the Company shall be located at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 and the registered agent for the Company at such office shall be The Corporation Trust Company. The Executive Committee may change the registered office of the Company or the registered agent for the Company at any time, and from time to time.

2.5 Term. The term of the Company shall commence upon the filing of the Certificate and shall continue until dissolved in accordance with Article X or the Act.

ARTICLE III.
BUSINESS OF THE COMPANY

3.1 Purpose. The business of the Company shall be to, directly and indirectly, own and manage ownership interests in the Company Subsidiaries, and their respective assets, and to engage in any business necessary or incidental thereto.

ARTICLE IV.
MANAGEMENT OF COMPANY

4.1 Executive Committee.

(a) Establishment. There is hereby established a committee of Member representatives (the "Executive Committee") comprised of natural Persons (the "Executive Committee Members") having the authority and duties set forth in this Agreement. Any decisions to be made by the Executive Committee shall require the unanimous approval of the Executive Committee Members; provided, however, that in the case of any action or decision by the Executive Committee relating to (i) the commencement of any legal or arbitration proceedings against a Member or an Affiliate thereof, (ii) entering into any transaction with a Member or any of its Affiliates of the type referred to in Section 4.2(g) or (iii) the enforcement or waiver of any rights of the Company under any material agreement with a Member or any of its Affiliates, the Executive Committee Members appointed by the Class of Membership Interests held by such Member (and respecting which such Member is entitled to exercise voting rights as provided in Section 4.2(a)(ii) and Section 4.2(a) (iii)) shall not participate in any decisions by the Executive Committee in respect of such matters and such Executive Committee Members shall be disregard for purposes of this Section 4.1(a) and Section 4.2(d)(iv) to the extent of any Executive Committee meetings or decisions relating to any such matters. Absent authority granted by the Executive Committee, no Member or Executive Committee Member shall have the power to act for or on behalf of, or to bind, the Company. At each meeting of the Executive Committee, the Executive Committee shall designate a person to preside over such meeting.

(b) Powers. The business and affairs of the Company shall be managed by or under the direction of the Executive Committee, except as otherwise expressly provided in this Agreement. The Executive Committee shall have the power on behalf and in the name of the Company to carry out any and all of the objectives and purposes of the Company contemplated by Section 3.1 and to perform all acts that the Executive Committee may deem necessary or advisable in connection therewith.

(c) Composition of the Executive Committee and Appointment of Executive Committee Members. The Executive Committee shall consist of four members, two of whom shall be appointed by the Class A Members (the "Class A Executive Committee Members"), and two of whom shall be appointed by the Class B Members (the "Class B Executive Committee Members"). In addition, the Class A Members and the Class B Members may appoint one or more alternates for the Class A Executive Committee Members and the Class B Executive Committee Members, respectively, and each such alternate shall have all of the powers of a Executive Committee Member in such Executive Committee Member's absence or inability to

serve. The Class A Members shall have the power to remove any Class A Executive Committee Member, and the Class B Members shall have the power to remove any Class B Executive Committee Member. Any vacancy on the Executive Committee shall be filled by the Class A Members if the vacancy shall be in respect of a Class A Executive Committee Member, or by the Class B Members if the vacancy shall be in respect of a Class B Executive Committee Member. The Class A Members shall notify the Class B Members, and the Class B Members shall notify the Class A Members, of their respective appointments or removals of Executive Committee Members as provided in this Section 4.1(c). In addition to the Executive Committee Members, the Class A Members and the Class B Members shall each be entitled to appoint one individual who shall be entitled to attend each meeting of the Executive Committee and receive all notices and other information provided to the Executive Committee Members, but no such observer shall be entitled to any other rights or privileges granted to the Executive Committee Members hereunder or pursuant hereto. The Class A Members and the Class B Members shall be entitled to remove and replace their respective Executive Committee observers from time to time. The Class A Members shall notify the Class B Members, and the Class B Members shall notify the Class A Members, of their respective appointments or removals of their Executive Committee observers as provided in this Section 4.1(c).

(d) Meetings of the Executive Committee. Regular meetings of the Executive Committee shall be held at least four times in each Fiscal Year and may be held at such place, within or without the State of Delaware, as shall from time to time be determined by unanimous consent of the Executive Committee. Special meetings of the Executive Committee may be called by or at the request of any Executive Committee Member. Notice of each such regular or special meeting shall be mailed to each Executive Committee Member, addressed to such Executive Committee Member at his or her residence or usual place of business, at least five days before the date on which the meeting is to be held, or shall be sent to such Executive Committee Member at such place by personal delivery, telephone, electronic mail or telecopier, not later than five days (or, in the case of meetings held by telephone, one day) before the day on which such meeting is to be held. Each such notice shall state the time and place of the meeting and, as may be required, the purposes thereof.

(i) Any Executive Committee Member who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such Executive Committee Member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the Managing Member of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to any Executive Committee Member who voted in favor of such action.

(ii) Executive Committee Members may participate in and act at any meeting of the Executive Committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this Section 4.1(d) shall constitute presence in person at the meeting.

(iii) Unless otherwise restricted by this Agreement or the Act, any action required or permitted to be taken at any meeting of the Executive Committee may be taken without a meeting if all the Executive Committee Members consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Executive Committee.

(iv) At each meeting of the Executive Committee, the presence of at least one Class A Executive Committee Member and each Class B Executive Committee Member shall constitute a quorum and be required for the transaction of business, subject to the provisions of Section 4.1(a) in respect of decisions to be made by the Executive Committee.

(e) Compensation of Executive Committee Members. Executive Committee Members shall not receive any compensation from the Company for their services but may be reimbursed for any expenses related to attendance at each meeting of the Executive Committee.

4.2 Actions Requiring Executive Committee Approval The following actions by the Company shall require the approval of the Executive Committee:

(a) commencing, or any other material action with respect to, a Bankruptcy Event of the Company or of any Company Subsidiaries;

(b) transferring any assets of the Company to satisfy any liabilities of any of the Members or their respective Affiliates (or any trade or business, whether or not incorporated, that is treated as a single employer together with such Member or its Affiliates (under section 414 of the Code or section 4001(b) of ERISA)) arising from ERISA;

(c) selling, exchanging, licensing as licensor, leasing as lessor, or disposing of any assets of the Company or any Company Subsidiaries in excess of $30 million;

(d) engaging in, or acquiring any material assets related to, any business other than the business historically conducted by CrossCountry with a value in excess of $30 million, other than assets sold or exchanged in the ordinary course;

(e) redeeming any ownership interest in the Company;

(f) making any non-pro rata distribution of cash, income, assets or rights to any Member, except to the extent permitted under this Agreement, and making any other distribution not expressly permitted by Article VI hereof (other than the distribution contemplated by Section 5.1(c) of the Redemption Agreement);

(g) entering into any material transactions (including purchases, sales or leases of assets) by the Company or any Company Subsidiaries with or for the benefit of a Member or an Affiliate thereof;

(h) incurring or assuming any Indebtedness by the Company or any Company Subsidiary in excess of $50 million in the aggregate, excluding the Indebtedness incurred prior to the date hereof in connection with the acquisition of the Company Subsidiaries by the Company;

(i) any repayment (other than (i) repayments in accordance with scheduled maturity or which are otherwise mandatory pursuant to the terms of any document to which the Company or a Company Subsidiary is a party and (ii) paydowns on any revolving credit facility), voluntary prepayment or redemption of, or any refinancing or other modification of the terms of, any indebtedness pertaining to the Company or a Company Subsidiary;

(j) initiating any material legal proceedings or arbitration on behalf of the Company or a Company Subsidiary, or agreeing to the settlement of any claim by or against the Company or a Company Subsidiary with respect to claims in excess of $3 million, or which includes requests for any material injunction, specific performance or other equitable relief; provided, however, that if the vote of the Executive Committee results in a tie, the Class A Executive Committee Members shall prevail on any such votes relating solely to any Company Subsidiary (other than Transwestern), or any entity owned by Citrus Corp. and the Class B Executive Committee Members shall prevail on any such votes relating solely to Transwestern;

(k) entering into any confession of a judgment in excess of $3 million against the Company or a Company Subsidiary; provided, however, that if the vote of the Executive Committee results in a tie, the Class A Executive Committee Members shall prevail on any such votes relating solely to any Company Subsidiary (other than Transwestern), or any entity owned by Citrus Corp. and the Class B Executive Committee Members shall prevail on any such votes relating solely to Transwestern;

(l) adopting each annual budget for the Company and each Company Subsidiary, and any amendment or other modification to any such budget; provided, that if the Executive Committee is unable to agree on the annual budget for any year for the Company or any Company Subsidiary, the Company or such Company Subsidiary, as the case may be, shall adopt an annual budget equal to the annual budget in effect in the immediately preceding year, subject to the discretion of the Managing Member to increase one or more line items by not more than 5% (and subject to the limitation that the budgeted EBITDA for the new year shall not be less than 90% of the budgeted EBITDA for the preceding year);

(m) the making of any Rate Filing or any Material Regulatory Filing with any Governmental Authority by the Company or any Company Subsidiary, except to the extent such filing is required to be made by applicable law; provided, however, that if the vote of the Executive Committee results in a tie, the Class A Executive Committee Members shall prevail on any such votes relating solely to any Company Subsidiary (other than Transwestern) or any entity owned by Citrus Corp. and the Class B Executive Committee Members shall prevail on any such votes relating solely to Transwestern;

(n) implementing any material change in accounting policies or practices in respect of the Company or any Company Subsidiary, in each case except to the extent that such change is required to be made by GAAP or applicable law, or terminating the engagement of the Company's principal independent auditors; and

(o) the entry into any new line of business by the Company.

4.3 Management of the Company.

(a) Managing Member. Day-to-day management of the Company in accordance with the polices established, and direction given, by the Executive Committee from time to time, and subject to the limitations provided elsewhere in this Agreement, shall be the responsibility of a managing Member (the "Managing Member"). In addition, the Managing Member shall provide to any Executive Committee Member such additional information as such Executive Committee Member may reasonably request from time to time to the extent that (i) such requested information relates to the operation of the Company or any Company Subsidiary and (ii) the Managing Member has such information or can acquire it without unreasonable effort. Subject to the next following sentence, the Managing Member shall be CCE. If at any time (x) CCE and its Affiliates shall cease to hold at least 80% of the Class A Membership Interests, or (y) CCE or any of its Affiliates that is a Member shall breach in any material respect any of its obligations under this Agreement, Members holding not less than a majority of the Class B Membership Interests (taking into the account the provisions of Section 4.4(a)(iii)) shall have the right (but not the obligation) to designate a replacement Managing Member by written notice to CCE, which replacement shall be effective immediately or at such other time as shall be specified in such written notice to CCE. In the case of any such replacement, CCE shall cooperate fully in the transition to such new Managing Member.

(b) Administrative Services Agreement. Simultaneously with the execution of this Agreement, the Company shall enter into the Administrative Services Agreement with the Administrative Services Provider. Subject to the next following sentence, the Administrative Services Provider shall be an Affiliate of CCE that is designated by CCE and is qualified to perform the duties required of it under the Administrative Services Agreement. Members holding not less than a majority of the Class B Membership Interests shall have the right (but not the obligation) to designate a replacement Administrative Services Provider (that may be an Affiliate of ETP) by written notice to CCE and the then current Administrative Services Provider, which replacement shall be effective immediately or at such other time as shall be specified in such written notice to CCE and the Administrative Services Provider, (i) upon the Administrative Service Provider's material breach of its obligations under the Administrative Services Agreement, and the Administrative Service Provider's failure to cure such breach within 60 days following the Administrative Service Provider's receipt of written notice from the Company setting forth in reasonable detail the relevant conduct or failure, (ii) upon any of the representations and warranties of the Administrative Service Provider contained in the Administrative Services Agreement proving to be materially false, incomplete or misleading, and not reasonably subject to cure in a manner that will result in no material harm to the Company, (iii) upon the Administrative Service Provider committing a material violation of any law applicable to Company or any Company Subsidiary, (iv) if SUG, or its Affiliates, cease to own beneficially at least a majority of the Class A Membership Interests or (v) in the event of a failure by the Company or any Company Subsidiary to pay principal or interest as and when due under any credit facility (subject to applicable grace periods). It is expressly understood and agreed that the foregoing provisions shall be in addition to, and shall not otherwise limit, any other remedies that may be available to the Company or any other Member (other than CCE or any of its Affiliates) upon any breach of the Administrative Services Agreement by the

Administrative Services Provider, CCE or any of its Affiliates. In the case of any such replacement, CCE shall cause its Affiliate Administrative Services Provider to cooperate fully in the transition to such new Administrative Services Provider.

(c) Transwestern Matters. At the request of the Class B Member, representatives of the Managing Member and the Class B Member shall meet weekly. During such meetings, the Class B Member shall be entitled to provide guidance to the Managing Member with respect to material decisions involving, or otherwise relating to, Transwestern, including decisions with respect to commercial, financial, regulatory, operational and other general policy matters involving, or otherwise relating to, Transwestern.

4.4 Member Rights and Obligations.

(a) Voting Rights. Except as provided in this Agreement or as otherwise required by applicable law;

(i) the Class A Members and the Class B Members shall vote together without distinction as to class, and any action requiring the approval of the Members shall require the affirmative vote of the Class A Members and Class B Members holding a majority of the Class A Membership Interests and the Class B Membership Interests;

(ii) all actions requiring the approval of the Class A Members, and unless expressly provided otherwise, all other actions to be taken by the Class A Members (including, without limitation, any direction to be given to the Executive Committee Members appointed by the Class A Members),shall require the affirmative vote of Members holding a majority of the Class A Membership Interests; provided, however, that in the case of any vote by the Class A Members, whether pursuant to this Section or any other provision of this Agreement, ETP and any of its Affiliates holding any Class A Membership Interests shall not be entitled to participate in such vote and the Class A Membership Interests held by them shall be disregarded for all purposes of such vote; and

(iii) all actions requiring the approval of the Class B Members, and unless expressly provided otherwise, all other actions to be taken by the Class B Members (including, without limitation, any direction to be given to the Executive Committee Members appointed by the Class B Members), shall require the affirmative vote of Members holding a majority of the Class B Membership Interests; provided, however, that in the case of any vote by the Class B Members, whether pursuant to this Section or any other provision of this Agreement, CCE and any of its Affiliates holding any Class B Membership Interests shall not be entitled to participate in such vote and the Class B Membership Interests held by them shall be disregarded for all purposes of such vote.

(b) Actions Requiring Unanimous Approval of Members. The following actions by the Company shall require the unanimous approval of all of the Members:

(i) amending the Certificate or this Agreement;

(ii) requiring any Member to contribute additional capital; and

(iii) issuing any Membership Interests or other equity securities of the Company to any Member.

(c) Actions Requiring Approval of Two-Thirds of Class A Members and Class B Members. The following actions by the Company shall require the approval of Members holding at least two-thirds of the Class A Membership Interests and Members holding at least two-thirds of the Class B Membership Interests:

(i) dissolving, terminating or liquidating the Company or any Company Subsidiary;

(ii) selling all or substantially all of the assets of the Company or any Company Subsidiary; and

(iii) merging, consolidating or changing the form of entity of the Company or any Company Subsidiary, whether or not involving a change of control.

(d) Members' Meetings. Meetings of the Members may be called from time to time by the affirmative vote of the Executive Committee Members or upon written request of any Member having an Aggregate Percentage of not less than 20% delivered to any member of the Executive Committee. If action is to be taken at a duly called meeting of the Members, notice of the time, date and place of meeting shall be given by the Managing Member, at the direction of the Executive Committee, to each other Member by personal delivery, telephone, electronic mail or telecopier sent to the address of each Member set forth on Exhibit A at least five business days in advance of the meeting; provided, however, that no notice need be given to a Member who waives notice before or after the meeting or who attends the meeting without protesting at or before its commencement the inadequacy of notice to such Member. The Members may attend a meeting in person or by proxy. Meetings of the Members shall be held at the Company's principal place of business during normal business hours, or at such other place and time as unanimously agreed by the Members; provided, however, that the Members may participate in and act at any meeting of the Members through the use of a conference telephone or other communications equipment by means of which all individuals participating in the meeting can hear each other, and such participation in the meeting shall constitute presence in person at the meeting. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if one or more written consents to such action shall be signed by Members whose affirmative vote at a meeting would be sufficient to approve such action. Such written consents shall be delivered to the principal office of the Company and, unless otherwise specified, shall be effective on the date when the first consent is delivered.

(e) Limitation of Authority. Except in accordance with the provisions of this Agreement, no Member shall have any right or authority to act for or bind the Company.

4.5 Limitation of Liability. No Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for (i) any act performed in good faith within the

scope of the authority conferred by this Agreement, (ii) any failure or refusal to perform any acts except those required by the terms of this Agreement or (iii) any performance or omission to perform any acts in reliance in good faith on the advice of independent accountants or legal counsel for the Company.

4.6 Indemnification. In any threatened, pending or completed action, suit or proceeding to which a Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing was or is a party or is threatened to be made a party by reason of the fact that such Person is or was acting on behalf of the Company (other than an action by or in the right of the Company), the Company shall indemnify such Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing against expenses, including attorneys' fees, judgments and amounts paid in settlement actually and reasonably incurred by such Person in connection with such action, suit or proceeding to the maximum extent permitted by applicable law, provided that such Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and that the conduct giving rise to the liability for which indemnification is sought does not constitute fraud, gross negligence or gross misconduct.

ARTICLE V.
CONTRIBUTIONS

5.1 Capital Contribution. Unless unanimously agreed to by the Members in writing, no Member shall be required to make additional Capital Contributions to the Company. In addition, no Member shall be allowed to make additional Capital Contributions to the Company without the approval of CCE (but only so long as it shall be a Member) and of ETP (but only so long as it shall be a Member).

5.2 No Right to Interest or Return of Capital. Except as set forth herein, no Member shall be entitled to any return of, or interest on, Capital Contributions to the Company. No Member shall have any liability for the return of the Capital Contribution of any other Member and each Member shall look only to the assets of the Company for return of its Capital Contribution.

5.3 No Third Party Rights. The obligations or rights of the Company or the Members to make any Capital Contribution under this Article V shall not grant any rights to or confer any benefits upon any Person who is not a Member.

ARTICLE VI.
DISTRIBUTIONS

6.1 Cash Flow. Subject to Sections 6.2, 6.3 and 11.2, Cash Flow shall be distributed at such times as shall be determined by the affirmative vote of the Executive Committee to each Class A Member and Class B Member in proportion to their respective Aggregate Percentage Interests. Distributions to each Member shall be sent via wire transfer to such account identified by such respective Member in writing to the Managing Member from time to time.

6.2 Amounts Withheld for Taxes. Notwithstanding any provision of this Agreement to the contrary, if the Company is required to pay, with respect to or on behalf of any Member or any other Person, any amount required to be withheld by the Company in respect of taxes based on or measured by income under federal, state, or local law or any estimated tax or similar amount, such Member or other Person shall, upon demand of the Company, promptly reimburse the Company for such amount. To the extent that such Member or other Person has not so reimbursed the Company, any and all amounts so paid by the Company may be withheld from and offset against distributions to such Member or other Person and shall be considered for all purposes of this Agreement to have been distributed to such Member or other Person pursuant to this Article VI.

6.3 Minimum Distribution for Taxes. To the extent permitted by applicable Credit Facilities and other obligations of the Company, the Company shall distribute in accordance with Section 6.1, with respect to each Fiscal Year and during the period commencing on the first day of such Fiscal Year and ending on the 15th day of the third month following the end of such Fiscal Year, an amount equal to the lesser of (a) (i) the Company's Cash Flow for such Fiscal Year less (ii) the aggregate amount of all quarterly distributions of Cash Flow previously made during such Fiscal Year and (b) 40% (or such other percentage as may be determined by the Executive Committee) of the taxable income of the Company for such Fiscal Year. For purposes of this Section 6.3, the taxable income of the Company for each Fiscal Year shall be computed as though the Company were a corporation which did not file consolidated Federal income tax returns, as though such corporation did not make any of the elections specified in Code Section 703(b), as though Code Section 243(a)(1) and Code Section 243(c) (if applicable), rather than Code Section 243(a)(3), applied to "qualifying dividends" (as defined in Code Section 243(b)(1)), without regard to any carryover or carryback of any net operating loss, capital loss, investment credit, unused foreign tax, excess charitable contribution, passive loss or credit, or other item from any other year, and without regard to the provisions of Code Section 703(a).

ARTICLE VII.
ALLOCATIONS

7.1 Book Allocations. Sections 7.1(a) and (b) set forth the general rules for book allocations to the Members. Section 7.1(c) sets forth various special rules that supercede the general rules of Sections 7.1(a) and (b).

(a) Profit. Profits for each Fiscal Year shall be allocated to the Members in the following order of priority:

(i) *first*, each Class A Member and Class B Member shall be allocated Profits (in proportion to the aggregate Losses allocated to such Members under Section 7.1(b)(ii) for all Fiscal Years) until the aggregate allocations made to each Class A Member and Class B Member pursuant to this Section 7.1(a)(i) is equal to the aggregate Losses allocated to the Member pursuant to Section 7.1(b)(ii) for all Fiscal Years; and

(ii) *thereafter*, each Class A Member and each Class B Member shall be allocated Profits in proportion to its Aggregate Percentage Interests.

(b) Losses. Losses for each Fiscal Year shall be allocated to the Members in the following order of priority:

(i) *first*, to the Class A Members and Class B Members, if any, having positive balances in their Adjusted Capital Accounts, in proportion to and to the extent of, such positive balances; and

(ii) *thereafter*, to the Class A Members and Class B Members in proportion to their Aggregate Percentage Interests.

(c) Special Rules. Notwithstanding Sections 7.1(a) and (b), the following special allocation rules shall apply under the circumstances described:

(i) Limitation on Loss Allocations. The Losses allocated to any Member pursuant to Section 7.1(b) with respect to any Fiscal Year shall not exceed the maximum amount of Losses that can be so allocated without causing such Member to have an Adjusted Capital Account Deficit at the end of such Fiscal Year. All items of loss or deduction in excess of the limitation set forth in this Section 7.1(c)(i) shall be allocated first, to the Member who will not be subject to this limitation, and second, any remaining amount to the Members in the manner required by the Code and the Regulations. To the extent that items of loss and deduction are allocated pursuant to this Section 7.1(c)(i) to a Member, such Member shall be allocated a corresponding amount of income and gain as may be available in the earliest subsequent Fiscal Year to offset such allocation of loss and deduction.

(ii) Company Minimum Gain. Except as otherwise provided in Regulations Section 1.704-2(f), if there is a net decrease in Company Minimum Gain during any Company taxable period, each Member shall be specially allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in proportion to and to the extent of, an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). This Section 7.1(c)(ii) is intended to comply with the charge back of items of income and gain requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(iii) Minimum Gain Attributable to Member Nonrecourse Debt. Except as otherwise provided in Regulations Section 1.704-2(i)(4), if there is a net decrease in Minimum Gain Attributable to Member Nonrecourse Debt during any Company taxable period, each Member with a share of Minimum Gain Attributable to Member Nonrecourse Debt shall be specially allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the portion of such Member's share of the net decrease in the Minimum Gain Attributable to Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). This Section 7.1(c)(iii) is intended to comply with the charge back of items of income and gain requirement in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iv) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4),(5) or (6), and such adjustment, allocation or distribution causes or increases an Adjusted Capital Account Deficit for such Member, then before any other allocations are made under this Agreement or otherwise, such Member shall be allocated items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, such Adjusted Capital Account Deficit of such Member as quickly as possible.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Members in the same ratios that Profit is allocated for the taxable year in accordance with Regulations Section 1.704-2(b)(1). If the Executive Committee determines in its good faith discretion that the Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the Executive Committee is authorized to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any taxable period shall be allocated 100% to the Member that bears the economic risk of loss (as described in Regulations Section 1.704-2(b) with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)). If more than one Member bears the economic risk of loss with respect to a Member Nonrecourse Debt, such Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members in accordance with the ratios in which they share such economic risk of loss.

(vii) Curative Allocations. The allocations set forth in Sections 7.1(c)(i) through 7.1(c)(vi) (the "Regulatory Allocations") are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2(b). Notwithstanding any other provisions of this Section 7.1(c) (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss, and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations (including anticipated future Regulatory Allocations) to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

(viii) Change in Regulations. If the Regulations incorporating the Regulatory Allocations are hereafter changed or if new Regulations are hereafter adopted, and such changed or new Regulations, in the opinion of independent tax counsel for the Company, make it necessary to revise the Regulatory Allocations or provide further special allocation rules in order to avoid a significant risk that a material portion of any allocation set forth in this Article VII would not be respected for federal income tax purposes, the Executive Committee shall make such reasonable amendments to this

Agreement as, in the opinion of such counsel, are necessary or desirable, taking into account the interests of the Members as a whole and all other relevant factors, to avoid or reduce significantly such risk to the extent possible without materially changing the amounts allocable and distributable to any Member, pursuant to this Agreement.

(ix) Non-Recourse Liabilities. "Excess non-recourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3) shall be allocated in the same ratio that Profit is allocated for the taxable year.

7.2 Tax Allocations.

(a) In General. Allocations for tax purposes of items of income, gain, loss, deduction and basis therefor, shall be made in the same manner as allocations for book purposes set forth in Section 7.1. Allocations pursuant to this Section 7.2 are solely for purposes of federal, state and local income taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

(b) Special Rules.

(i) Elimination of Book/Tax Disparities. In determining a Member's allocable share of Company taxable income, the Member's allocable share of each item of Profit and Loss shall be properly adjusted to reflect the rules and principles of Code Section 704(c) and Regulations Section 1.704-3. This Section 7.2(b)(i) is intended to comply with the requirements of Code Section 704(c) and Regulations Sections 1.704-1(b)(2)(iv)(d) and (f) and shall be interpreted consistently therewith. Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement.

(ii) Allocation of Items Among Members. Except as otherwise provided in Section 7.2(b)(i), each item of income, gain, loss and deduction and all other items governed by Code Section 702(a) shall be allocated among the Members in proportion to the allocation of Profits, Losses and other items to the Members hereunder, provided that any gain recognized from any disposition of a Company asset that is treated as ordinary income because it is attributable to the recapture of any depreciation or amortization shall be allocated among the Members in accordance with Regulations Section 1.1245-1(e), if applicable, or with any other applicable provision of the Regulations and, if no such provision is applicable, in the same ratio as the prior allocations of Profits and Losses and other items that included such depreciation or amortization, but not in excess of the gain otherwise allocable to each Member.

(c) Conformity of Reporting. The Members are aware of the income tax consequences of the allocations made by this Section 7.2 and hereby agree to be bound by the provisions of this Section 7.2 in reporting their shares of Company profits, gains, income, losses, deductions, credits and other items for income tax purposes.

7.3 Transferred Interests. If any Membership Interest (or portion thereof) is sold, assigned or transferred during any Fiscal Year, then Profit, Loss, each item thereof and all other

items realized by the Company during such Fiscal Year shall be divided and allocated between the Members by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Members.

7.4 Section 754 Election. In the event of a Transfer of a Membership Interest permitted under this Agreement, the Company shall, at the request of the transferee Member, file an election under Section 754 of the Code to adjust the basis of the assets of the Company in accordance with the provisions of Section 743 of the Code. Any costs associated with such election (such as accounting fees) shall be borne by the transferee Member.

7.5 Tax Matters Member.

(a) For purposes of Code Sections 6221 through 6223, the Managing Member from time to time shall also be, and is hereby designated as, the "tax matters partner" of the Company (the "Tax Matters Member").

(b) The Tax Matters Member shall make an election under Code Section 6231(a)(i)(B)(ii) with the Company's first tax return to be filed after the effective date of this Agreement to have Code Sections 6221 to 6234, inclusive, apply to the Company.

(c) The Tax Matters Member shall, within ten days (or such shorter period of time as is reasonably practicable) of the receipt of any notice from the Internal Revenue Service in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, deliver a copy of such notice to each Member. The Tax Matters Member shall cooperate with any Member, and shall take such action as may be required to be taken by the Tax Matters Member, to cause such Member to become a "notice partner" within the meaning of Section 6231(a)(8) of the Code. The Tax Matters Member shall inform each Member of all significant matters that may come to its attention in its capacity as Tax Matters Member by giving written notice thereof within 10 business days (or such shorter period of time as is reasonably practicable) after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in its capacity as Tax Matters Member.

(d) The Tax Matters Member shall not take any action that may be taken by a "tax matters partner" under Code Section 6221 through 6234 unless (i) it has first given the other Members written notice of the contemplated action at least ten business days prior to the applicable due date of such action and (ii) it has received the unanimous written consent of the other Members to such contemplated action; provided, however, that unless the Tax Matters Member is notified otherwise no later than two business days prior to any date by which the Tax Matters Member must act as set forth in any notice received from the Internal Revenue Service, the Code or the regulations promulgated thereunder, such other Members shall be deemed to have given their consent.

(e) At least 20 days prior to the due date for the filing of any federal income tax return of the Company, the Tax Matters Member shall provide a proposed draft of such return to the Members for their approval. If the Members approve such return, the return shall be filed as approved. Failure to provide the Tax Matters Member with written notice that the

Members do not approve such return within 10 days from the receipt thereof by the Members shall be deemed approval by the Members. In the event the Members do not approve such return, and the Members and Tax Matters Member are otherwise unable to resolve their differences with regard to such return, the matter shall be submitted to an independent, nationally recognized accounting firm, the decision of which shall be final. The cost of retaining such accounting firm with respect to resolving such dispute shall be borne by the Company. The Tax Matters Member shall provide a draft or final copy of any tax return to a Member upon written request by such Member.

(f) Without limiting and in addition to the foregoing, for tax proceedings, matters and claims in excess of $3 million, the Tax Matters Member shall not initiate any legal or administrative proceedings on behalf of the Company or a Company Subsidiary in respect of or relating to any tax proceedings or other tax matters, or agree to the settlement of any claims in respect of or relating to any tax proceedings or other tax matters, without first consulting with the Executive Committee a reasonable period of time prior to taking any such action.

ARTICLE VIII.
TRANSFER/ADMISSION MATTERS

8.1 Transfer Restrictions. ETP, CCE and any other Person holding, directly or indirectly, a Class A Membership Interest or Class B Membership Interest may Transfer all or any portion of its Membership Interest only in accordance with the provisions of this Article VIII; provided, that ETP, CCE and any other Person holding, directly or indirectly, a Class A Membership Interest or Class B Membership Interest may Transfer all or any portion of its Membership Interest to an Affiliate with prior notice to the Executive Committee and upon satisfaction of the provisions of Section 8.3. Notwithstanding any provision hereof to the contrary, no Class A Member may Transfer any Membership Interest to any person that is a Class A Prohibited Transferee and no Class B Member may Transfer any Membership Interest to any person that is a Class B Prohibited Transferee.

8.2 Right of First Offer. If any Class A Member or Class B Member (a "Transferring Member") desires to Transfer all or any portion of its Class A Membership Interest or Class B Membership Interest, as applicable (the "Specified Interest"), to any Third Party Purchaser, such Transferring Member shall first give notice thereof (the "Offer Notice") to the other Class A Members and Class B Members (the "Non-Transferring Members"), specifying the price (the "Specified Price") and other terms (the "Specified Terms") at and on which such Transferring Member is willing to sell the Specified Interest. The delivery of the Offer Notice by the Transferring Member to the Non-Transferring Members shall constitute an offer by the Transferring Member to negotiate in good faith to sell to the Non-Transferring Members the Specified Interest at the Specified Price upon the Specified Terms. The Non-Transferring Members shall each have 30 Business Days (the "Acceptance Period") from and including the date it receives the Offer Notice to accept such offer, which acceptance shall be in the form of a written notice (the "Acceptance Notice") to the Transferring Member. Each Non-Transferring Member wishing to accept such offer (each, an "Accepting Member") shall thereafter negotiate in good faith with the Transferring Member. If more than one Non-Transferring Member shall wish to purchase the Specified Interest, each such Non-Transferring Member shall be entitled to purchase a proportionate share of the Specified Interest on the basis of its Aggregate Percentage

Interest. If the Accepting Member(s) and the Transferring Member fail to execute a definitive purchase agreement within 30 Business Days following receipt by the Transferring Member of the applicable Acceptance Notice(s), or if the sale of the Specified Interest to the Non-Transferring Member(s) is not consummated within 60 days following such receipt of the Acceptance Notice, the offer set forth in this Section 8.2 shall then automatically expire, and such Transferring Member may Transfer the Specified Interest, subject to the other terms of this Agreement, for a price and on terms and conditions substantially no more favorable to the purchaser than those offered by the Transferring Member; provided, however, that if the Transferring Member shall fail to sell the Specified Interest or any portion thereof within 180 days from such expiration, the Specified Interest or such non-transferred portion of the Specified Interest shall again be subject to the right of first offer contained in this Section 8.2.

8.3 Transfer Requirements. Notwithstanding anything to the contrary contained herein, the Company shall not recognize for any purpose any purported Transfer of all or any portion of a Member's Membership Interest unless:

(a) the Company shall have been furnished with the documents effecting such Transfer executed and acknowledged by both transferor and transferee, together the written agreement of the transferee to become a party to and be bound by this Agreement, which shall be in form and substance reasonably satisfactory to the Executive Committee;

(b) such Transfer shall have been made in accordance with all applicable laws and regulations and all necessary governmental consents shall have been obtained and requirements satisfied, including without limitation, compliance with the Securities Act, and applicable state blue sky and securities laws, and such Transfer will not cause the Company to breach or violate any applicable law;

(c) such Transfer will not cause the Company to have more than 100 partners (within the meaning of Regulations Section 1.7704-1(h)) or does not otherwise cause the Company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code;

(d) such Transfer will not result in a termination of the Company for purposes of Section 708 of the Code;

(e) all necessary instruments reflecting such admission shall have been filed in each jurisdiction in which such filing is necessary in order to qualify the Company to conduct business or to preserve the limited liability of the Members; and

(f) such Transfer will not result in the occurrence of an event of default or similar occurrence (whether immediately or with the giving of notice, the passage of time or both) under the terms of any of the Credit Facilities;

provided, however, that the foregoing provisions of this Section 8.3 shall not apply to the Transfers contemplated by the Redemption Agreement.

The Executive Committee may request an opinion of counsel (which counsel shall be chosen by the non-transferring Member but shall be reasonably satisfactory to the transferee Member) with

respect to any of the foregoing or any other matters that the Executive Committee reasonably deems appropriate in respect of any such Transfer. In addition, the Executive Committee, upon unanimous consent, may waive any of the foregoing provisions. Notwithstanding the foregoing, a Transferring Member need not comply with Section 8.3(d) if such Transferring Member indemnifies each other Member in a manner and amount reasonably satisfactory to each such other Member for any adverse tax effects that would result from such termination.

8.4 Admission of a Member. A Person may be admitted as Class A Member or a Class B Member upon satisfaction of the relevant requirements of this Article VIII or with the unanimous written consent of the Class A Members and the Class B Members. Upon such admission, such Member shall be designated as either a Class A Member or a Class B Member, and the Managing Member shall amend Exhibit A appropriately to reflect the admission of such Person as a Member.

8.5 Cooperation by Members. If any Member wishes to Transfer all or a portion of its Membership Interest in accordance with the provisions of this Article VIII, each other Member shall use its reasonable efforts to assist the Member seeking to make such Transfer as such Member may reasonably request.

ARTICLE IX.
BOOKS AND RECORDS; BANK ACCOUNTS

9.1 Books and Records. The books and records of the Company shall, at the cost and expense of the Company, be kept or caused to be kept by the Managing Member at the principal place of business of the Company. Such books and records will be kept on the basis of a calendar year, and will reflect all Company transactions and be appropriate and adequate for conducting the Company's business. By February 28 of each year, the Tax Matters Member shall provide each Member of Holdings with an estimate of its allocable share of the preceding year's taxable income, loss, credit and certain other information necessary for the Members to file a complete tax return.

9.2 Reporting Requirements.

(a) Members Holding 5% Membership Interests. The Managing Member shall prepare, or cause to be prepared, and shall deliver a financial report (audited in the case of a report sent as of the end of a Fiscal Year and unaudited in the case of a report sent as of the end of a quarter) to each holder of 5% or more of the outstanding Class A Membership Interests and to each holder of 5% or more of the outstanding Class B Membership Interests within 120 days after the end of each Fiscal Year (commencing after the date of this Agreement) and 60 days after the end of each of the first three quarters of each Fiscal Year (commencing with the first full quarter after the date of this Agreement), setting forth for such Fiscal Year or quarter:

(i) the assets and liabilities of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, as of the end of such Fiscal Year or quarter;

(ii) the net profit or net loss of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, for such Fiscal Year or quarter;

(iii) the cash flows of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, for such Fiscal Year or quarter; and

(iv) in the case of a Fiscal Year only, such Class A Member's or such Class B Member's closing Capital Account balance as of the end of such Fiscal Year.

(b) Members Holding 20% Membership Interests. The Managing Member shall prepare, or cause to be prepared, and shall deliver to each Member holding 20% or more of the outstanding Class A Membership Interests and to each Member holding 20% or more of the outstanding Class B Membership Interests as promptly as practicable such information regarding the Company and each Company Subsidiary as such Member shall reasonably request.

9.3 Bank Accounts. All funds of the Company will be deposited in its name in an account or accounts maintained with such bank or banks selected by the Executive Committee. The funds of the Company will not be commingled with the funds of any other Person. Checks will be drawn upon the Company account or accounts only for the purposes of the Company and shall be signed by authorized representatives of the Company.

ARTICLE X.
DISSOLUTION AND LIQUIDATION

10.1 Dissolution. The Company shall be dissolved upon the approval of the Members required by Section 4.4(c)(i).

10.2 Distribution on Dissolution.

(a) Upon dissolution of the Company, no further business shall be conducted except for the taking of such action as shall be necessary for the winding up of the affairs of the Company and the distribution of assets pursuant to the provisions of this Section. So long as it shall then be a Member, CCE shall act as the Liquidating Trustee. If CCE shall not then be a Member or if it is unable to act as Liquidating Trustee, then the Members shall appoint another Liquidating Trustee. The Liquidating Trustee shall have full authority to wind up the affairs of the Company and to make distributions provided herein.

(b) Upon dissolution of the Company, the Liquidating Trustee shall either sell the assets of the Company at the best price available, or the Liquidating Trustee may distribute to the Members all or any portion of the Company's assets in kind. If any assets are to be distributed in kind, the Liquidating Trustee shall ascertain the fair market value (by appraisal or other reasonable means) of such assets, and each Member's Capital Account shall be charged or credited, as the case may be, as if such asset had been sold for cash at such fair market value and the Profit or Loss recognized thereby had been allocated to and among the Members in accordance with Article VII.

(c) All assets of the Company shall be applied and distributed in the following order:

(i) *first*, to the payment and discharge of all the Company's debts and liabilities to creditors, including liabilities to Members who are creditors, to the extent otherwise permitted by law;

(ii) *second*, to establish such reserves as the Liquidating Trustee may deem reasonably necessary (and if the Liquidating Trustee shall be a Member, with the approval of Members holding at least two-thirds of all Membership Interests) for contingent or unforeseen liabilities or obligations of the Company; and

(iii) *thereafter*, to the Class A Members and the Class B Members in accordance with Section 6.1.

10.3 Cancellation of Certificate. Upon the completion of the distribution of Company assets as provided in this Article X, the Company shall be terminated, and the Members shall cause the cancellation of the Certificate and all amendments thereto, and shall take such other actions as may be necessary or appropriate to terminate the Company.

ARTICLE XI.
GENERAL

11.1 Title to Company Property. All property owned by the Company, including, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership of such property. The Company may hold any of its assets in its own name or in the name of its nominee, which nominee may be one or more Persons.

11.2 Severability. Every provision of this Agreement is intended to be severable. Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity will not affect the validity of the remainder of this Agreement.

11.3 Governing Law. This Agreement and rights and obligations of the parties hereto with respect to the subject matter hereof will be interpreted and enforced in accordance with, and governed exclusively by, the law of the State of Delaware, excluding the conflicts of law provisions thereof.

11.4 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties hereto and their permitted successors, heirs and assigns.

11.5 Waiver of Action for Partition. Each of the Members irrevocably waives during the term of the Company any right that he may have to maintain any action for partition with respect to any property of the Company.

11.6 Headings. The headings of the Articles, Sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

11.7 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, with the same effect as if all parties had signed the same documents, each of which will be considered an original, but all such counterparts together will constitute but one and the same Agreement. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

11.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. This Agreement and the exhibits hereto supersede all prior written and all prior and contemporaneous oral agreements, understandings, negotiations and representations between the parties with respect to such subject matter.

11.9 Amendment. Except in the case of a modification of Exhibit A to be made by the Managing Member as expressly contemplated by the terms of this Agreement, including Section 5.2, this Agreement may be amended only by an instrument in writing signed by all of the Members. Promptly following any amendment to this Agreement (including any modification to Exhibit A by the Managing Member), the Managing Member shall provide a true and complete copy thereof to each other Member.

11.10 Securities Law Matters. The Members agree and acknowledge that their Membership Interests are being acquired by them for investment purposes only and not with a view to any sale thereof; that they have had adequate opportunity to obtain from representatives of the Company and others all information necessary for purposes of evaluating the merits and risks of holding a Membership Interest; that they are able to bear the economic risk of holding their Membership Interests hereunder for an indefinite period; that the Membership Interests are illiquid assets and that there is no market in which to effectuate a resale thereof or any portion thereof; and that, in any event, the resale of their Membership Interests cannot be effectuated except pursuant to compliance with the registration requirements under the Securities Act or an exemption therefrom.

11.11 Notices.

(a) Each notice or other communication required or permitted to be given pursuant to this Agreement shall be in writing and delivered in person or by first class United States mail, postage prepaid, to the party to whom addressed or by any nationally known overnight courier service to the address specified on Exhibit A or to such other address as the party may advise the Executive Committee, the Managing Member and the other Members as its address for notice hereunder.

(b) All notices shall be deemed given upon the earlier to occur of: (i) the date of actual receipt; (ii) the date of refusal of delivery; and (iii) (A) as to hand delivery, the date of delivery, (B) as to facsimile, when such facsimile is transmitted to the facsimile number specified herein and the appropriate confirmation is provided, (C) as to overnight courier service, the date following the deposit with the overnight courier service, and (D) as to the US Mails, three business days after depositing in the US Mails.

11.12 Construction. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any creditors of the Company or other third parties.

11.13 Submission to Jurisdiction; Consent to Service of Process.

(a) Any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated by this Agreement, and any and all Actions related to the foregoing shall be filed and maintained exclusively in the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch, of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 11.11.

11.14 No Consequential or Punitive Damages. No party hereto (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for any consequential, exemplary, special, incidental or punitive damages claimed by such other party under the terms of or due to any breach of this Agreement, including, but not limited to, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

11.15 Waiver. No consent or waiver, express or implied, by any Member to or of any breach or default by any other Member in the performance by such other Member of its obligations under this Agreement shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such other Member of the same or any other obligation of such other Member under this Agreement. Failure on the part of any Member to complain of any act or failure to act of any other Member or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by such Member of its rights under this Agreement.

11.16 Confidentiality. Each Member shall hold, and shall cause its Affiliates to hold, in strict confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, the contents of any reports, financial statements, budgets or other information delivered to any Member pursuant to Section 9.2 ("Confidential Information), except to the extent that such Confidential Information (i) has been or has become (A) generally available to the public other than as a result of disclosure by any party hereunder or an Affiliate

of a party or (B) available to the public on a non-confidential basis from a source other than an Affiliate of a party entitled to the protection offered hereby, or (ii) is required to be disclosed under applicable law or stock exchange rules; provided, however, the applicable Member shall use, and shall cause its Affiliates to use, commercially reasonable efforts to give each other Member prior notice of any such disclosure in sufficient time to enable each other Member to protect any such information. However, nothing contained in this Section shall preclude the disclosure of Confidential Information, on the condition that it remain confidential, to auditors, attorneys, lenders, financial advisors, members, limited partners and other Persons in connection with the performance of their duties as delegated or requested by any Member hereof.

11.17 Public Announcement. The Members shall consult with each other before issuing any press release relating to the Company or the Company Subsidiaries and shall not issue any such press release or make any such public statement without the prior consent of the other Members, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that a Member may, without consulting with any other Member and without the prior consent of the other Members, issue such press release or make such public statement as may, upon the advice of counsel, be required by applicable law or stock exchange rules if it has used all reasonable efforts to consult with the other Members.

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

CLASS A MEMBERS

CCE ACQUISITION, LLC

By: _____
Name:
Title:

CCEA CORP.

By: _____
Name:
Title:

CLASS B MEMBER

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners, GP, L.P.,
its general partner

By: Energy Transfer Partners, L.L.C.,
its general partner

By: _____
Name:
Title:

EXHIBIT B

Members

Class A Members	Class A Percentage Interest	Class B Percentage Interest	Aggregate Percentage Interest
CCE ACQUISITION, LLC 5444 Westheimer Road Houston, TX 77056 Attn:	99.9%	N/A	49.95%
CCEA CORP. 5444 Westheimer Road Houston, TX 77056 Attn:	.2%		.1%

Class B Member	Class A Percentage Interest	Class B Percentage Interest	Aggregate Percentage Interest
ENERGY TRANSFER PARTNERS, L.P. 2828 Woodside Street Dallas, TX 75204 Attn:	N/A	100%	50%

EXHIBIT B

Class A Prohibited Transferees

1. Kinder Morgan
2. American International Group, Inc.

Class B Prohibited Transferees

1. General Electric
2. Kinder Morgan
3. American International Group, Inc.

EXHIBIT C

Administrative Services Agreement

Exhibit D

CCE HOLDINGS, LLC

Unanimous Consent of the
Executive Committee

The undersigned, constituting all of the members comprising the Executive Committee (the "Committee") of CCE Holdings, LLC, a Delaware limited liability company (the "Company"), in accordance with Article IV, Section 4.l(d)(iii) of the Amended and Restated Limited Liability Company Agreement of the Company dated as of November 5, 2004 (the "Agreement"), as further amended, hereby consent to the adoption of the statement and resolutions set forth below and, upon execution of this consent or a counterpart hereof by each of the members of the Committee listed below, do hereby adopt such statements and resolutions:

WHEREAS, management of Transwestern Pipeline Company, LLC ("Transwestern") has apprised the Executive Committee (the "Committee") of the Company of Transwestern's proposed Phoenix Expansion Project, which is comprised of approximately 25 miles of looping of Transwestern's existing San Juan Lateral system at a projected cost of approximately $71 million and construction of an approximately 285-mile expansion of the pipeline system connecting Transwestern's existing mainline with markets in the Phoenix, Arizona area at a projected cost of approximately $640 million, all as more specifically described in the draft "Application for a Certificate of Public Convenience and Necessity and to Acquire an Undivided Interest in Natural Gas Pipeline Facilities" that is attached hereto (the "FERC Application");

WHEREAS, management of Transwestern has apprised the Committee of Transwestern's obligation under that order issued July 27, 1995, in docket nos. RP95-271-000, et al., to file with the FERC by October 1, 2006, a major rate case proposing new rates to become effective not later than November 1, 2006 (the "Transwestern Rate Case"); and

WHEREAS, the Company proposes to enter into a Redemption Agreement, of even date herewith (the "Redemption Agreement"), between the Company and Energy Transfer Partners, L.P. ("ETP").

NOW, THEREFORE, IT IS RESOLVED, that the Committee hereby approves proceeding with the Phoenix Expansion Project on terms and conditions consistent with those described in the FERC Application, such approval to include specifically, but not by way of limitation, approval to file the FERC Application, approval to execute additional expansion agreements with prospective customers of the Phoenix Expansion Project, approval to waive or decline to exercise contract termination rights in existing expansion agreements, and approval to make financial commitments and to execute contracts for materials and services necessary to complete the Phoenix Expansion Project;

RESOLVED, that the Phoenix Expansion Project shall be financed by internal funds as well as outside debt and/or equity financing, provided that the approvals set forth in these resolutions shall not require or constitute a capital contribution commitment by any member of the Company;

RESOLVED, that the Committee hereby approves Transwestern's filing of a major rate case by October 1, 2006, proposing new rates to become effective on November 1, 2006;

RESOLVED, that the Committee hereby approves the execution and delivery of the Redemption Agreement and, subject to (i) consummation of the transactions contemplated under the Purchase and Sale Agreement ("Purchase Agreement"), dated as of even date herewith, among ETP and the Class B Members of the Company and (ii) in the event the Closing (as defined in the Purchase Agreement) does not occur, CCE is not liable for any expenses incurred under the Redemption Agreement, the performance by the Company of its obligations thereunder and the transactions contemplated thereby (including, without limitation, the provision by the Company of notices, and requests for consents and/or waivers, relating to the change of control resulting from the transactions contemplated by the Redemption Agreement and the Purchase Agreement, pursuant to the documents evidencing the Existing TW Holdings Debt and the Existing TPC Debt (in each case, as defined in the Redemption Agreement)); and

RESOLVED FURTHER, that the proper officers of the Company and Transwestern, and their respective counsel, be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the

Company or Transwestern, as applicable, and to pay all such expenses as in its discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and the foregoing resolutions.

IN WITNESS WHEREOF, this written consent has been executed to be effective as of the 14 day of September, 2006.

/s/ Robert O. Bond
Robert O. Bond

/s/ Julie H. Edwards
Julie H. Edwards

/s/ Randall F. Hornick
Randall F. Hornick

/s/ Vandana G. McCaw
Vandana G. McCaw

Exhibit 10.4

LETTER AGREEMENT

September 14, 2006

Energy Transfer Partners, L.P.
8801 South Yale Avenue
Tulsa, Oklahoma 74137

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Purchase and Sale Agreement (the **"CCE Acquisition Agreement"**), dated as of September 14, 2006, by and among Energy Transfer Partners, L.P., a Delaware limited partnership (**"ETP"**), EFS-PA, LLC, a Delaware limited liability company (**"EFS-PA"**), CDPQ Investments (U.S.) Inc., a Delaware corporation, Lake Bluff Inc., a Delaware corporation, Merrill Lynch Ventures, L.P. 2001, a Delaware limited partnership, and Kings Road Holdings I LLC, a Delaware limited liability company, and (ii) that certain Redemption Agreement (the **"Redemption Agreement"**), dated as of September 14, 2006, by and between CCE Holdings, LLC, a Delaware limited liability company (**"CCE Holdings"**), and ETP. Capitalized terms used herein but not defined herein shall have the meanings set forth in the Redemption Agreement.

Upon the closing of the transactions contemplated by the CCE Acquisition Agreement, CCE Acquisition LLC, a Delaware limited liability company (**"CCE Acquisition"**), and CCEA Corp., a Delaware corporation ("**CCEA**"), which are wholly owned subsidiaries of Southern Union Company (**"Southern Union"**), and ETP will own all of the membership interests in CCE Holdings. This letter is to set forth the understanding between Southern Union and ETP as to certain matters pertaining to the ownership and operation of CCE Holdings.

1. Waiver of Right of First Refusal. Promptly following the execution and delivery of this letter agreement, Southern Union will cause CCE Acquisition and CCEA to execute and deliver to ETP a waiver of their rights under Section 8.4 of the Amended and Restated Limited Liability Company Agreement, dated as of November 5, 2004, as amended, of CCE Holdings, related to the transfer of Class B Membership Interests pursuant to the CCE Acquisition Agreement.

2. Actions Upon Closing of CCE Acquisition Agreement. Upon the closing of the transactions contemplated by the CCE Acquisition Agreement:

(a) Southern Union will cause CCE Acquisition and CCEA to enter into, and ETP will enter into, that certain Second Amended and Restated Limited Liability Company Agreement of CCE Holdings in the form attached hereto as Exhibit A.

(b) The parties hereto will cause CCE Holdings, and Southern Union will cause its indirect, wholly owned subsidiary, SU Pipeline Management LP, to enter into that certain Amended and Restated Administrative Services Agreement in the form attached hereto as Exhibit B; and

(c) The Transfer Restriction Agreement dated as of November 4, 2004 given by Southern Union in favor of EFS-PA automatically shall terminate.

3. Actions Upon Termination of Redemption Agreement. If the transactions contemplated by the CCE Acquisition Agreement have been consummated but the transactions contemplated by the Redemption Agreement have not been consummated and the Redemption Agreement has been terminated, (i) Southern Union will cause CCE Acquisition and CCEA to, and ETP shall, enter into that certain Third Amended and Restated Limited Liability Company Agreement of CCE Holdings in substantially the form attached hereto an Exhibit C, with such changes thereto as mutually agreed by the parties hereto as a result of negotiations in good faith with respect to any such changes, it being understood that the intent of the Third Amended and Restated Limited Liability Company Agreement of CCE Holdings is to provide ETP with the risks and rewards (including the profits and losses and cash flow) of Transwestern Pipeline Company, LLC, a Delaware limited liability company ("Transwestern"), and to provide Southern Union with the risks and rewards (including the profits and losses and cash flow) of CrossCountry Citrus, LLC, a Delaware limited liability company ("CC Citrus"), and its subsidiaries; (ii) the parties hereto will negotiate in good faith to enter into arrangements mutually satisfactory to such parties that are similar to those contained in the term sheet for a Transition Services Agreement set forth on Exhibit B to the Redemption Agreement and/or the Amended and Restated Administrative Services Agreement attached hereto as Exhibit B and that will enable ETP to exercise effective management and control over the business and affairs of Transwestern in conjunction with services provided by CCE Holdings and its affiliates and that will enable Southern Union to exercise effective management and control over the business and affairs of CC Citrus, (iii) Southern Union will take all necessary action to cause Transwestern Holding Company, LLC, a Delaware limited liability company ("TW Holdings"), to repay all of its outstanding indebtedness within 60 days following the termination of the Redemption Agreement (without transferring or encumbering its equity interests in, or assets of, Transwestern and without the use of any borrowings, financial support or guaranties from Transwestern), (iv) the parties hereto will cooperate to facilitate the refinancing by TPC of the Existing TPC Debt to the extent such debt would become due and payable as a result of the transactions contemplated by the CCE Acquisition Agreement or the Redemption Agreement, after taking into account any consents or waivers previously obtained by TPC, and in connection therewith, ETP will use its commercially reasonable best efforts to make available a bridge loan or other replacement financing to the extent necessary for TPC to avoid an acceleration of the payment of such debt, with all costs of such refinancing (including legal fees) to be borne by TPC, (v) Southern Union will cause CCE Holdings to pay to ETP an amount equal to the Cash Redemption Amount (as such term is defined in the Redemption Agreement) determined on the basis that the "Closing Date" for

purposes of the determination of the Cash Redemption Amount is the date of the termination of the Redemption Agreement, and (vi) the parties hereto will follow the procedures specified in Section 2.4 of the Redemption Agreement to determine the Post-Closing Adjustment Amount, substituting Southern Union for CCE Holdings, and if the Post-Closing Adjustment Amount is positive, then ETP will pay to Southern Union the Post-Closing Adjustment Amount or, if the Post-Closing Adjustment Amount is negative, then Southern Union will pay to ETP the absolute value of the Post-Closing Adjustment, in each case in accordance with the procedures specified in Section 2.4(c) of the Redemption Agreement, substituting Southern Union for CCE Holdings.

4. Confidential Project Information. Upon the closing of the transactions contemplated by the Redemption Agreement and for a period of three and one-half years thereafter, Southern Union shall, and shall cause its Affiliates to: (i) maintain the confidentiality of any proprietary business information of TPC relating to the economic terms and conditions of the TPC Expansion Projects (the "**Project Information**"); provided, however, that such confidentiality obligation shall not apply in the event such Project Information is or becomes generally available to the public, and (ii) not use such Project Information in a manner intended to be detrimental to TPC's pursuit of the TPC Expansion Projects or otherwise take any action to oppose or challenge the TPC Expansion Projects.

5. Termination of Confidentiality Agreement. Upon the closing of the transaction contemplated by the Redemption Agreement, the Confidentiality Agreement, dated July 25, 2006, between ETP and Southern Union, shall terminate.

[THE REMAINDER OF THIS PAGE INTENTIONALLY IS LEFT BLANK.]

Please signify your acceptance of and agreement with the foregoing by executing one copy of this letter where indicated below.

Sincerely yours,

SOUTHERN UNION COMPANY

By: /s/ Robert O. Bond
Name: Robert O. Bond
Title: Senior Vice President, Pipeline Operations

Accepted and agreed to as of September __, 2006.

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners GP, L.P., its general partner

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Kelcy Warren
Name: Kelcy Warren
Title: Co-Chief Executive Officer

Exhibit A

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

CCE HOLDINGS, LLC

dated as of , 2006

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CCE HOLDINGS, LLC

This Second Amended and Restated Limited Liability Company Agreement of CCE Holdings, LLC, a Delaware limited liability company (the "Company"), is entered into as of this day of , 2006, by and between Energy Transfer Partners, L.P., a Delaware limited partnership, CCE Acquisition, LLC, a Delaware limited liability company, and CCEA Corp., a Delaware corporation.

W I T N E S S E T H:

WHEREAS, the Certificate of Formation of the Company was filed with the Secretary of State of Delaware on May 14, 2004, in accordance with the Delaware Limited Liability Company Act;

WHEREAS, the parties hereto are the sole members of the Company; and

WHEREAS, the parties hereto desire to amend and restate the limited liability company agreement of the Company as set forth herein in order to provide for the manner in which the Company shall be governed and operated subsequent to the date hereof; and

NOW, THEREFORE, in consideration of the premises hereof, and of the mutual covenants and agreements contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Defined Terms. The following terms have the meanings hereinafter indicated whenever used in this Agreement with initial capital letters:

"Accepting Member" shall have the meaning specified in Section 5.1(b)(i).

"Act" shall mean the Delaware Limited Liability Company Act, at Del. Code Ann., Title 6, Section 18-101, et seq., as amended.

"Adjusted Capital Account" shall mean, with respect to any Member, the balance in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Crediting to such Capital Account any amounts that such Member is obligated to restore pursuant to this Agreement or is deemed to be obligated to restore pursuant to Regulations Sections 1.704-1(b)(2)(ii)(b)(3), 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debiting to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii) (d)(4), (5) and (6).

The foregoing definition of "Adjusted Capital Account" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)*(d)* and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Adjusted Capital Account.

"Administrative Services Agreement" shall mean the Amended and Restated Administrative Services Agreement substantially in the form of Exhibit C or in such other form as shall be approved by the Executive Committee.

"Administrative Services Provider" shall mean the Person that from time to time shall be a party to the Administrative Services Agreement with the Company.

"Affiliate" shall mean, with respect to a Person, another Person that directly or indirectly controls, is controlled by or is under common control with such first Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote a majority of the securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Percentage Interest" shall mean, with respect to each Member, its proportionate interest, expressed as a percentage, in the residual Profits, Losses and distributions of the Company to which the Members are entitled. The Aggregate Percentage Interests of the Members are set forth on Exhibit A.

"Agreement" shall mean this Amended and Restated Limited Liability Company Agreement, including all exhibits and schedules attached hereto, as amended, modified or otherwise supplemented, from time to time.

"Asset Value" shall mean, with respect to any asset of the Company (other than cash), the adjusted basis of such asset as of the relevant date for federal income tax purposes, except as follows:

(a) the initial Asset Value of any asset (other than cash) contributed by a Member to the Company shall be the fair market value of such asset (as determined by the Members) at the time of contribution;

(b) the Asset Values of all Company assets (including intangible assets such as goodwill) shall be adjusted to equal their respective fair market values as of the following times:

(i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for a Capital Contribution;

(ii) the distribution by the Company to a Member of an amount of money or Company property as consideration for an interest in the Company; or

(iii) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(c) the Asset Value of any Company asset distributed in kind to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution, as determined by the Members;

(d) the Asset Values of any Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided that Asset Values shall not be adjusted pursuant to Code Section 743(b) to the extent that the Members make a corresponding adjustment under subparagraph (b)(ii); and

(e) if the Asset Value of an asset has been determined or adjusted pursuant to subsection (a), (b) or (d) above, such Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses and other items allocated pursuant to Article VII.

The foregoing definition of "Asset Value" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"Bankruptcy Event" shall be deemed to occur with respect to any Person if (a) such Person shall institute a voluntary case seeking liquidation or reorganization under Bankruptcy Law, or shall consent to the institution of an involuntary case thereunder against it; (b) such Person shall file a petition or consent or shall otherwise institute any similar proceeding under any other applicable Federal or state law, or shall consent thereto; (c) such Person shall apply for, or by consent there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers for itself or any substantial part of its assets; (d) such Person shall make an assignment for the benefit of its creditors; (e) such Person shall admit in writing its inability to pay its debts generally as they become due; (f) an involuntary case shall be commenced seeking liquidation or reorganization of such Person under Bankruptcy Law or any similar proceedings shall be commenced against such Person under any other applicable Federal or state law and (i) the petition commencing the involuntary case is not dismissed within 60 days of its filing, (ii) an interim trustee is appointed to take possession of all or a portion of the property, and/or to operate all or any part of the business of such Person and such appointment is not vacated within 60 days, or (iii) an order for relief shall have been issued or entered therein; (g) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee or other officer having similar powers of such Person or all or a part of its property shall have been entered; or (h) any other similar relief shall be granted against such Person under any applicable Federal or state law.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Business Day" shall mean any day that is neither a Saturday nor a Sunday nor a legal holiday on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in the States of New York or Texas.

"Capital Account" shall mean, with respect to any Member (and without duplication), the Capital Account maintained for such Member in accordance with the following provisions:

(a) From time to time, the Capital Account of each Member shall be increased by (i) the amount of any cash contributed by the Member to the Company, (ii) the Asset Value (as determined by the Members) of any property contributed by the Member to the Company (net of liabilities that the Company is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), and (iii) allocations to the Member of Profit (or items thereof) and other income and gain pursuant to Section 7.1, including income and gain exempt from tax, and income and gain described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items of income and gain described in Regulations Section 1.704-1(b)(4)(i).

(b) The Capital Account of each Member shall be decreased by (i) the amount of any cash distributed to such Member, (ii) the Asset Value (as determined by the Members) of any property distributed to such Member (net of any liabilities that such Member is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), (iii) allocations to the Member of expenditures described in Section 705(a)(2)(B) of the Code, and (iv) allocations to the Member of Loss (or items thereof) and other loss and deductions pursuant to Section 7.1, including loss and deduction described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items described in clause (iii) above, tax items of loss and deduction described in Regulations Section 1.704-1(b)(4)(i), and items of deduction described in Regulations Section 1.704-1(b)(4)(iii).

(c) A single Capital Account shall be maintained for each Member, which Capital Account shall reflect all allocations, distributions, or other adjustments required by this definition with respect to the Membership Interest owned by such Member.

(d) Upon any transfer of all or part of a Membership Interest as permitted by this Agreement, the Capital Account (or portion thereof) of the transferor that is attributable to the transferred interest (or portion thereof) shall carry over to the transferee as prescribed by Regulations Section 1.704-1(b)(2)(iv)(l).

(e) Notwithstanding anything to the contrary in this definition, it is the intention of the Members that the Capital Accounts of the Members be maintained strictly in accordance with the capital account maintenance requirements of Regulations Section 1.704-1(b)(2)(iv), and that such Capital Accounts be adjusted to the extent required by the provisions of such Regulations or any successor provisions thereto.

"Capital Contribution" shall mean the total amount of money and the net fair market value of property (as determined by the Executive Committee) contributed by each Member to the Company pursuant to this Agreement.

"Cash Flow" shall mean, with respect to any period, all cash received by the Company (other than from the liquidation of any assets pursuant to Article X) plus all cash withdrawn from reserves (as determined to be appropriate by the Executive Committee or, if the Executive Committee does not approve the amount of such reserves, no withdrawal from reserves will be made for such period), less (a) all operating expenses of the Company (including amounts payable under the Administrative Services Agreement but excluding capital expenditures), (b) any amounts withheld by the Company in accordance with Section 6.2, (c) additions to reserves made during such period (as determined to be appropriate by the Executive Committee or, if the Executive Committee does not approve the amount of such reserves, no addition to reserves will be made for such period) and (d) all payments of interest and scheduled principal in respect of Indebtedness of the Company.

"CCE" shall mean CCE Acquisition, LLC, a Delaware limited liability company, and any of its Affiliates that are Members.

"Certificate" shall mean the Certificate of Formation of the Company.

"Citrus Corp." shall mean Citrus Corp., a Delaware corporation.

"Class A Executive Committee Member" shall have the meaning specified in Section 4.1(c).

"Class A Member" shall mean each Person listed on Exhibit A hereto and indicated as such, its respective permitted successors and assigns, and any other Person that is hereafter admitted as a Class A Member pursuant to Article VIII.

"Class A Membership Interest" shall mean a Class A Member's entire interest in the Company including such Class A Member's right to share in the Profits and Losses and distributions of the Company, and the Class A Member's right to vote or consent to, or otherwise participate in, any decision or action of or by the Class A Members granted pursuant to this Agreement or the Act.

"Class A Percentage Interest" shall mean a Class A Member's proportionate interest, expressed as a percentage, in the residual Profits, Losses, and distributions of the Company to which the Class A Members are entitled. The Class A Percentage Interests of the Class A Members are set forth on Exhibit A.

"Class A Prohibited Transferee" shall mean any Persons designated on Exhibit B as a Class A Prohibited Transferee and any Affiliate or successor thereof.

"Class B Executive Committee Member" shall have the meaning specified in Section 4.1(c).

"Class B Member" shall mean each Person listed on Exhibit A hereto and indicated as such, its respective permitted successors and assigns, and any other Person that is hereafter admitted as a Class B Member pursuant to Article VIII.

"Class B Membership Interest" shall mean a Class B Member's entire interest in the Company including such Class B Member's right to share in the Profits and Losses and distributions of the Company, and the Class B Member's right to vote or consent to, or otherwise participate in, any decision or action of or by the Class B Members granted pursuant to this Agreement or the Act.

"Class B Percentage Interest" shall mean a Class B Member's proportionate interest, expressed as a percentage, in the residual Profits, Losses, and distributions of the Company to which the Class B Members are entitled. The Class B Percentage Interests of the Class B Members are set forth on Exhibit A.

"Class B Prohibited Transferee" shall mean any Persons designated on Exhibit B as a Class B Prohibited Transferee and any Affiliate or successor thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statutory provisions.

"Company" shall have the meaning assigned thereto in the preamble to this Agreement.

"Company Minimum Gain" shall mean the amount determined in accordance with Regulations Section 1.704-2(d) by (a) computing with respect to each Nonrecourse Liability of the Company the amount of income or gain, if any, that would be realized by the Company if it disposed of the property securing such Nonrecourse Liability in full satisfaction thereof, and (b) aggregating all separate amounts so computed.

"Company Subsidiaries" shall mean CrossCountry, CrossCountry Alaska, LLC, CrossCountry Energy Services, LLC, Transwestern Holding Company, LLC, Transwestern and CrossCountry Citrus, LLC; provided, however, that none of the foregoing shall be considered a "Company Subsidiary" at such time as the Company shall have disposed of its ownership interests therein.

"Contribution Offer Expiration Date" shall have the meaning specified in Section 5.1(b)(i).

"Contribution Offer Notice" shall have the meaning specified in Section 5.1(b)(i).

"CrossCountry" shall mean CrossCountry Energy, LLC, a Delaware limited liability company.

"Credit Facilities" shall mean such loan agreements and instruments to which the Company or any Company Subsidiary shall be a party from time to time.

"Depreciation" shall mean, for each Fiscal Year or part thereof, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Fiscal Year or part thereof, except that if the Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, the depreciation, amortization or other cost recovery deduction for such Fiscal Year or part thereof shall be an amount which bears the same ratio to such Asset Value as

the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year or part thereof bears to such adjusted tax basis. If such asset has a zero adjusted tax basis, the depreciation, amortization or other cost recovery deduction for each Fiscal Year shall be determined under a method selected by the Members.

"EBITDA" shall mean for any period the consolidated net income of the Company determined in accordance with GAAP plus (a) its reported interest expense, plus (b) its reported income tax expense, plus (c) the amount it reported as depreciation of assets, plus (d) the amount it reported as the amortization of intangibles, plus (e) 50% of Citrus Corp.'s reported interest expense, plus (f) 50% of the amount Citrus Corp. reported as income tax expense, plus (g) 50% of the amount Citrus Corp. reported as depreciation of assets, plus (g) 50% of the amount Citrus Corp. reported as the amortization of intangibles, in each case as determined in accordance with GAAP.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated there under.

"ETP" shall mean Energy Transfer Partners, L.P., a Delaware limited partnership, and any of its Affiliates that are Members.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Executive Committee" shall have the meaning specified in Section 4.1(a).

"Executive Committee Members" shall have the meaning specified in Section 4.1(a).

"Fiscal Year" shall mean the taxable year of the Company, which initially shall be the calendar year.

"GAAP" shall mean United States generally accepted accounting principles consistently applied.

"Governmental Authority" shall mean any court, tribunal, agency, commission, official or other instrumentality of the United States or any state or political subdivision thereof.

"Indebtedness" shall mean, with respect to any Person, (A) all obligations for borrowed money of the such Person, (B) all obligations for the deferred purchase or acquisition price of property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 90 days of the date the respective goods are delivered or the respective services are rendered, (C) the capitalized amount (determined in accordance with GAAP) of all obligations such Person is required to pay or other amounts under any 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, (D) all obligations for borrowed money secured by any lien upon or in any property owed by such Person whether or not such Person has assumed or become liable for the payment of such obligations for borrowed money and (E) all obligations of the type described in any of clauses (A) through (D) above which are guaranteed, directly or indirectly, or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted with recourse by such Person.

"Liquidating Trustee" shall have the meaning specified in the Act.

"Managing Member" shall mean the Member designated pursuant to Section 4.3.

"Material Regulatory Filing" shall mean any filing with any Governmental Authority which, if determined adversely to the Company, would have a material adverse effect on the business, assets or financial condition of the Company.

"Member Nonrecourse Debt" shall mean debt of the Company determined in accordance with the principles of Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" shall mean any and all items of loss, deduction or expenditure (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Regulations Section 1.704-2(i)(2), are attributable to a Member Nonrecourse Debt.

"Members" shall mean each of the Persons set forth on Exhibit A and any other Person that hereafter is admitted as a Member pursuant to Article VIII.

"Membership Interest" and "Membership Interests" shall mean, individually the Class A Membership Interest or the Class B Membership Interest and, collectively, the Class A Membership Interests and the Class B Membership Interests, as the context requires.

"Minimum Gain Attributable to Member Nonrecourse Debt" shall mean that amount determined in accordance with the principles of Regulations Sections 1.704-2(i)(3), (4) and (5).

"Nonrecourse Deductions" shall mean that amount determined in accordance with Regulations Section 1.704-2(b)(1).

"Nonrecourse Liability" shall mean any liability of the Company treated as a nonrecourse liability under Regulations Section 1.704-2(b)(3).

"Person" shall mean any individual, partnership, limited liability company, corporation, trust or other entity.

"Profits" and "Losses" shall mean, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such Fiscal Year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Asset Value of any Company asset is adjusted pursuant to clause (b) or clause (c) of the definition thereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses;

(d) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Asset Value;

(e) In lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period;

(f) To the extent an adjustment to any adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Membership Interest in the Company, the amount of the adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the assets) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses; and

(g) Any items which are specially allocated pursuant to Section 7.1(c) shall not be taken into account in computing Profits and Losses.

"Prohibited Transferee" shall mean those Persons set forth on Exhibit B and any Affiliate or successor thereof.

"Rate Filing" shall mean any application, notice or other submission filed with or otherwise delivered to any Governmental Authority relating to the establishment of, or modification or supplement to, the rates, tariffs or charges for services or commodities provided by any Company Subsidiary; provided, however, that "Rate Filing" shall not include any of the foregoing unless the intended or expected effect thereof is (i) to increase the revenues of the applicable Company Subsidiary by more than 10% per annum, (ii) to increase or decrease the rates chargeable for transportation of natural gas through the applicable Company Subsidiary's pipeline facilities by more than 10%, (iii) the offering by the applicable Company Subsidiary of a new service or (iv) the expansion or addition of capacity of, or the increase in the pressure of, the applicable Company Subsidiary's pipeline facilities.

"Redemption Agreement" shall mean the Redemption Agreement, dated as of September 14, 2006, between the Company and ETP.

"Regulatory Allocations" shall have the meaning set forth in Section 7.1(c)(vii).

"Regulations" shall mean any and all temporary and final regulations promulgated under the Code, as amended from time to time (including corresponding provisions of succeeding regulations).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"SUG" shall mean Southern Union Company, a Delaware corporation.

"Tax Matters Member" shall mean the Member designated to serve as such pursuant to Section 7.5.

"Third Party Purchaser" shall mean any Person (other than a Member or an Affiliate of a Member) that has expressed an interest to purchase any of the Class A Membership Interests or Class B Membership Interests.

"Third Party Purchaser Notice" shall have the meaning specified in Section 8.2.

"Transfer" shall mean any, direct or indirect, sale, assignment, gift, hypothecation, pledge or other disposition, whether voluntary or by operation of law (including through the state law conversion of the legal status of a Member), of a Membership Interest or any portion thereof including as a result of a sale or transfer of the equity interests in a Member or its direct or indirect parent, but the term "Transfer" shall not include any sale or transfer of equity interests in ETP or SUG.

"Transferee" shall mean any Person that receives a Membership Interest as the result of a Transfer from a Transferring Member.

"Transferring Member" shall have the meaning specified in Section 8.2.

"Transwestern" shall mean Transwestern Pipeline Company, LLC.

1.2 Interpretative Matters. In this Agreement, unless otherwise specified or where the context otherwise requires:

(a) the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;

(b) the singular shall include the plural and the plural shall include the singular wherever appropriate;

(c) words importing any gender shall include other genders;

(d) the words "include," "includes" or "including" shall be deemed to be followed by the words "without limitation";

(e) the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;

(f) references to “Sections”, “Articles”, “Exhibits” and “Appendices” shall be to Sections, Articles, Exhibits and Appendices of or to this Agreement;

(g) references to any Person include the successors and permitted assigns of such Person;

(h) the use of the words “or,” “either” and “any” shall not be exclusive;

(i) wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict;

(j) references to any agreement or contract, unless otherwise stated, are to such agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and

(k) the parties hereto have participated jointly in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, this Agreement 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 hereto by virtue of the authorship of any provisions of this Agreement.

ARTICLE II.
ORGANIZATIONAL MATTERS

2.1 Formation. The Company has been formed and exists for the limited purposes described herein and shall be governed by and operated in accordance with the Act. The Members shall execute and the Managing Member shall make, or cause to be made, all filings required by the Act or other applicable law with respect to the formation and operation of the Company.

2.2 Name. The name of the Company is CCE Holdings, LLC.

2.3 Principal Place of Business. The principal place of business of the Company shall be located at 5444 Westheimer Road, Houston, TX 77056. The Members may change the principal place of business of the Company at any time and from time to time.

2.4 Registered Office and Agent. The registered office of the Company shall be located at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 and the registered agent for the Company at such office shall be The Corporation Trust Company. The Executive Committee may change the registered office of the Company or the registered agent for the Company at any time, and from time to time.

2.5 Term. The term of the Company shall commence upon the filing of the Certificate and shall continue until dissolved in accordance with Article X or the Act.

ARTICLE III.
BUSINESS OF THE COMPANY

3.1 Purpose. The business of the Company shall be to, directly and indirectly, own and manage ownership interests in the Company Subsidiaries, and their respective assets, and to engage in any business necessary or incidental thereto.

ARTICLE IV.
MANAGEMENT OF COMPANY

4.1 Executive Committee.

(a) Establishment. There is hereby established a committee of Member representatives (the "Executive Committee") comprised of natural Persons (the "Executive Committee Members") having the authority and duties set forth in this Agreement. Any decisions to be made by the Executive Committee shall require the unanimous approval of the Executive Committee Members; provided, however, that in the case of any action or decision by the Executive Committee relating to (i) the commencement of any legal or arbitration proceedings against a Member or an Affiliate thereof, (ii) entering into any transaction with a Member or any of its Affiliates of the type referred to in Section 4.2(g) or (iii) the enforcement or waiver of any rights of the Company under any material agreement with a Member or any of its Affiliates, the Executive Committee Members appointed by the Class of Membership Interests held by such Member (and respecting which such Member is entitled to exercise voting rights as provided in Section 4.2(a)(ii) and Section 4.2(a) (iii)) shall not participate in any decisions by the Executive Committee in respect of such matters and such Executive Committee Members shall be disregard for purposes of this Section 4.1(a) and Section 4.2(d)(iv) to the extent of any Executive Committee meetings or decisions relating to any such matters. Absent authority granted by the Executive Committee, no Member or Executive Committee Member shall have the power to act for or on behalf of, or to bind, the Company. At each meeting of the Executive Committee, the Executive Committee shall designate a person to preside over such meeting.

(b) Powers. The business and affairs of the Company shall be managed by or under the direction of the Executive Committee, except as otherwise expressly provided in this Agreement. The Executive Committee shall have the power on behalf and in the name of the Company to carry out any and all of the objectives and purposes of the Company contemplated by Section 3.1 and to perform all acts that the Executive Committee may deem necessary or advisable in connection therewith.

(c) Composition of the Executive Committee and Appointment of Executive Committee Members. The Executive Committee shall consist of four members, two of whom shall be appointed by the Class A Members (the "Class A Executive Committee Members"), and two of whom shall be appointed by the Class B Members (the "Class B Executive Committee Members"). In addition, the Class A Members and the Class B Members may appoint one or more alternates for the Class A Executive Committee Members and the Class B Executive Committee Members, respectively, and each such alternate shall have all of the powers of a Executive Committee Member in such Executive Committee Member's absence or inability to

serve. The Class A Members shall have the power to remove any Class A Executive Committee Member, and the Class B Members shall have the power to remove any Class B Executive Committee Member. Any vacancy on the Executive Committee shall be filled by the Class A Members if the vacancy shall be in respect of a Class A Executive Committee Member, or by the Class B Members if the vacancy shall be in respect of a Class B Executive Committee Member. The Class A Members shall notify the Class B Members, and the Class B Members shall notify the Class A Members, of their respective appointments or removals of Executive Committee Members as provided in this Section 4.1(c). In addition to the Executive Committee Members, the Class A Members and the Class B Members shall each be entitled to appoint one individual who shall be entitled to attend each meeting of the Executive Committee and receive all notices and other information provided to the Executive Committee Members, but no such observer shall be entitled to any other rights or privileges granted to the Executive Committee Members hereunder or pursuant hereto. The Class A Members and the Class B Members shall be entitled to remove and replace their respective Executive Committee observers from time to time. The Class A Members shall notify the Class B Members, and the Class B Members shall notify the Class A Members, of their respective appointments or removals of their Executive Committee observers as provided in this Section 4.1(c).

(d) Meetings of the Executive Committee. Regular meetings of the Executive Committee shall be held at least four times in each Fiscal Year and may be held at such place, within or without the State of Delaware, as shall from time to time be determined by unanimous consent of the Executive Committee. Special meetings of the Executive Committee may be called by or at the request of any Executive Committee Member. Notice of each such regular or special meeting shall be mailed to each Executive Committee Member, addressed to such Executive Committee Member at his or her residence or usual place of business, at least five days before the date on which the meeting is to be held, or shall be sent to such Executive Committee Member at such place by personal delivery, telephone, electronic mail or telecopier, not later than five days (or, in the case of meetings held by telephone, one day) before the day on which such meeting is to be held. Each such notice shall state the time and place of the meeting and, as may be required, the purposes thereof.

(i) Any Executive Committee Member who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such Executive Committee Member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the Managing Member of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to any Executive Committee Member who voted in favor of such action.

(ii) Executive Committee Members may participate in and act at any meeting of the Executive Committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this Section 4.1(d) shall constitute presence in person at the meeting.

(iii) Unless otherwise restricted by this Agreement or the Act, any action required or permitted to be taken at any meeting of the Executive Committee may be taken without a meeting if all the Executive Committee Members consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Executive Committee.

(iv) At each meeting of the Executive Committee, the presence of at least one Class A Executive Committee Member and each Class B Executive Committee Member shall constitute a quorum and be required for the transaction of business, subject to the provisions of Section 4.1(a) in respect of decisions to be made by the Executive Committee.

(e) Compensation of Executive Committee Members. Executive Committee Members shall not receive any compensation from the Company for their services but may be reimbursed for any expenses related to attendance at each meeting of the Executive Committee.

4.2 Actions Requiring Executive Committee Approval The following actions by the Company shall require the approval of the Executive Committee:

(a) commencing, or any other material action with respect to, a Bankruptcy Event of the Company or of any Company Subsidiaries;

(b) transferring any assets of the Company to satisfy any liabilities of any of the Members or their respective Affiliates (or any trade or business, whether or not incorporated, that is treated as a single employer together with such Member or its Affiliates (under section 414 of the Code or section 4001(b) of ERISA)) arising from ERISA;

(c) selling, exchanging, licensing as licensor, leasing as lessor, or disposing of any assets of the Company or any Company Subsidiaries in excess of $30 million;

(d) engaging in, or acquiring any material assets related to, any business other than the business historically conducted by CrossCountry with a value in excess of $30 million, other than assets sold or exchanged in the ordinary course;

(e) redeeming any ownership interest in the Company;

(f) making any non-pro rata distribution of cash, income, assets or rights to any Member, except to the extent permitted under this Agreement, and making any other distribution not expressly permitted by Article VI hereof (other than the distribution contemplated by Section 5.1(c) of the Redemption Agreement);

(g) entering into any material transactions (including purchases, sales or leases of assets) by the Company or any Company Subsidiaries with or for the benefit of a Member or an Affiliate thereof;

(h) incurring or assuming any Indebtedness by the Company or any Company Subsidiary in excess of $50 million in the aggregate, excluding the Indebtedness incurred prior to the date hereof in connection with the acquisition of the Company Subsidiaries by the Company;

(i) any repayment (other than (i) repayments in accordance with scheduled maturity or which are otherwise mandatory pursuant to the terms of any document to which the Company or a Company Subsidiary is a party and (ii) paydowns on any revolving credit facility), voluntary prepayment or redemption of, or any refinancing or other modification of the terms of, any indebtedness pertaining to the Company or a Company Subsidiary;

(j) initiating any material legal proceedings or arbitration on behalf of the Company or a Company Subsidiary, or agreeing to the settlement of any claim by or against the Company or a Company Subsidiary with respect to claims in excess of $3 million, or which includes requests for any material injunction, specific performance or other equitable relief; provided, however, that if the vote of the Executive Committee results in a tie, the Class A Executive Committee Members shall prevail on any such votes relating solely to any Company Subsidiary (other than Transwestern), or any entity owned by Citrus Corp. and the Class B Executive Committee Members shall prevail on any such votes relating solely to Transwestern;

(k) entering into any confession of a judgment in excess of $3 million against the Company or a Company Subsidiary; provided, however, that if the vote of the Executive Committee results in a tie, the Class A Executive Committee Members shall prevail on any such votes relating solely to any Company Subsidiary (other than Transwestern), or any entity owned by Citrus Corp. and the Class B Executive Committee Members shall prevail on any such votes relating solely to Transwestern;

(l) adopting each annual budget for the Company and each Company Subsidiary, and any amendment or other modification to any such budget; provided, that if the Executive Committee is unable to agree on the annual budget for any year for the Company or any Company Subsidiary, the Company or such Company Subsidiary, as the case may be, shall adopt an annual budget equal to the annual budget in effect in the immediately preceding year, subject to the discretion of the Managing Member to increase one or more line items by not more than 5% (and subject to the limitation that the budgeted EBITDA for the new year shall not be less than 90% of the budgeted EBITDA for the preceding year);

(m) the making of any Rate Filing or any Material Regulatory Filing with any Governmental Authority by the Company or any Company Subsidiary, except to the extent such filing is required to be made by applicable law; provided, however, that if the vote of the Executive Committee results in a tie, the Class A Executive Committee Members shall prevail on any such votes relating solely to any Company Subsidiary (other than Transwestern) or any entity owned by Citrus Corp. and the Class B Executive Committee Members shall prevail on any such votes relating solely to Transwestern;

(n) implementing any material change in accounting policies or practices in respect of the Company or any Company Subsidiary, in each case except to the extent that such change is required to be made by GAAP or applicable law, or terminating the engagement of the Company's principal independent auditors; and

(o) the entry into any new line of business by the Company.

4.3 Management of the Company.

(a) Managing Member. Day-to-day management of the Company in accordance with the polices established, and direction given, by the Executive Committee from time to time, and subject to the limitations provided elsewhere in this Agreement, shall be the responsibility of a managing Member (the "Managing Member"). In addition, the Managing Member shall provide to any Executive Committee Member such additional information as such Executive Committee Member may reasonably request from time to time to the extent that (i) such requested information relates to the operation of the Company or any Company Subsidiary and (ii) the Managing Member has such information or can acquire it without unreasonable effort. Subject to the next following sentence, the Managing Member shall be CCE. If at any time (x) CCE and its Affiliates shall cease to hold at least 80% of the Class A Membership Interests, or (y) CCE or any of its Affiliates that is a Member shall breach in any material respect any of its obligations under this Agreement, Members holding not less than a majority of the Class B Membership Interests (taking into the account the provisions of Section 4.4(a)(iii)) shall have the right (but not the obligation) to designate a replacement Managing Member by written notice to CCE, which replacement shall be effective immediately or at such other time as shall be specified in such written notice to CCE. In the case of any such replacement, CCE shall cooperate fully in the transition to such new Managing Member.

(b) Administrative Services Agreement. Simultaneously with the execution of this Agreement, the Company shall enter into the Administrative Services Agreement with the Administrative Services Provider. Subject to the next following sentence, the Administrative Services Provider shall be an Affiliate of CCE that is designated by CCE and is qualified to perform the duties required of it under the Administrative Services Agreement. Members holding not less than a majority of the Class B Membership Interests shall have the right (but not the obligation) to designate a replacement Administrative Services Provider (that may be an Affiliate of ETP) by written notice to CCE and the then current Administrative Services Provider, which replacement shall be effective immediately or at such other time as shall be specified in such written notice to CCE and the Administrative Services Provider, (i) upon the Administrative Service Provider's material breach of its obligations under the Administrative Services Agreement, and the Administrative Service Provider's failure to cure such breach within 60 days following the Administrative Service Provider's receipt of written notice from the Company setting forth in reasonable detail the relevant conduct or failure, (ii) upon any of the representations and warranties of the Administrative Service Provider contained in the Administrative Services Agreement proving to be materially false, incomplete or misleading, and not reasonably subject to cure in a manner that will result in no material harm to the Company, (iii) upon the Administrative Service Provider committing a material violation of any law applicable to Company or any Company Subsidiary, (iv) if SUG, or its Affiliates, cease to own beneficially at least a majority of the Class A Membership Interests or (v) in the event of a failure by the Company or any Company Subsidiary to pay principal or interest as and when due under any credit facility (subject to applicable grace periods). It is expressly understood and agreed that the foregoing provisions shall be in addition to, and shall not otherwise limit, any other remedies that may be available to the Company or any other Member (other than CCE or any of its Affiliates) upon any breach of the Administrative Services Agreement by the

Administrative Services Provider, CCE or any of its Affiliates. In the case of any such replacement, CCE shall cause its Affiliate Administrative Services Provider to cooperate fully in the transition to such new Administrative Services Provider.

(c) Transwestern Matters. At the request of the Class B Member, representatives of the Managing Member and the Class B Member shall meet weekly. During such meetings, the Class B Member shall be entitled to provide guidance to the Managing Member with respect to material decisions involving, or otherwise relating to, Transwestern, including decisions with respect to commercial, financial, regulatory, operational and other general policy matters involving, or otherwise relating to, Transwestern.

4.4 Member Rights and Obligations.

(a) Voting Rights. Except as provided in this Agreement or as otherwise required by applicable law;

(i) the Class A Members and the Class B Members shall vote together without distinction as to class, and any action requiring the approval of the Members shall require the affirmative vote of the Class A Members and Class B Members holding a majority of the Class A Membership Interests and the Class B Membership Interests;

(ii) all actions requiring the approval of the Class A Members, and unless expressly provided otherwise, all other actions to be taken by the Class A Members (including, without limitation, any direction to be given to the Executive Committee Members appointed by the Class A Members), shall require the affirmative vote of Members holding a majority of the Class A Membership Interests; provided, however, that in the case of any vote by the Class A Members, whether pursuant to this Section or any other provision of this Agreement, ETP and any of its Affiliates holding any Class A Membership Interests shall not be entitled to participate in such vote and the Class A Membership Interests held by them shall be disregarded for all purposes of such vote; and

(iii) all actions requiring the approval of the Class B Members, and unless expressly provided otherwise, all other actions to be taken by the Class B Members (including, without limitation, any direction to be given to the Executive Committee Members appointed by the Class B Members), shall require the affirmative vote of Members holding a majority of the Class B Membership Interests; provided, however, that in the case of any vote by the Class B Members, whether pursuant to this Section or any other provision of this Agreement, CCE and any of its Affiliates holding any Class B Membership Interests shall not be entitled to participate in such vote and the Class B Membership Interests held by them shall be disregarded for all purposes of such vote.

(b) Actions Requiring Unanimous Approval of Members. The following actions by the Company shall require the unanimous approval of all of the Members:

(i) amending the Certificate or this Agreement;

(ii) requiring any Member to contribute additional capital; and

(iii) issuing any Membership Interests or other equity securities of the Company to any Member.

(c) Actions Requiring Approval of Two-Thirds of Class A Members and Class B Members. The following actions by the Company shall require the approval of Members holding at least two-thirds of the Class A Membership Interests and Members holding at least two-thirds of the Class B Membership Interests:

(i) dissolving, terminating or liquidating the Company or any Company Subsidiary;

(ii) selling all or substantially all of the assets of the Company or any Company Subsidiary; and

(iii) merging, consolidating or changing the form of entity of the Company or any Company Subsidiary, whether or not involving a change of control.

(d) Members' Meetings. Meetings of the Members may be called from time to time by the affirmative vote of the Executive Committee Members or upon written request of any Member having an Aggregate Percentage of not less than 20% delivered to any member of the Executive Committee. If action is to be taken at a duly called meeting of the Members, notice of the time, date and place of meeting shall be given by the Managing Member, at the direction of the Executive Committee, to each other Member by personal delivery, telephone, electronic mail or telecopier sent to the address of each Member set forth on Exhibit A at least five business days in advance of the meeting; provided, however, that no notice need be given to a Member who waives notice before or after the meeting or who attends the meeting without protesting at or before its commencement the inadequacy of notice to such Member. The Members may attend a meeting in person or by proxy. Meetings of the Members shall be held at the Company's principal place of business during normal business hours, or at such other place and time as unanimously agreed by the Members; provided, however, that the Members may participate in and act at any meeting of the Members through the use of a conference telephone or other communications equipment by means of which all individuals participating in the meeting can hear each other, and such participation in the meeting shall constitute presence in person at the meeting. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if one or more written consents to such action shall be signed by Members whose affirmative vote at a meeting would be sufficient to approve such action. Such written consents shall be delivered to the principal office of the Company and, unless otherwise specified, shall be effective on the date when the first consent is delivered.

(e) Limitation of Authority. Except in accordance with the provisions of this Agreement, no Member shall have any right or authority to act for or bind the Company.

4.5 Limitation of Liability. No Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for (i) any act performed in good faith within the

scope of the authority conferred by this Agreement, (ii) any failure or refusal to perform any acts except those required by the terms of this Agreement or (iii) any performance or omission to perform any acts in reliance in good faith on the advice of independent accountants or legal counsel for the Company.

4.6 Indemnification. In any threatened, pending or completed action, suit or proceeding to which a Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing was or is a party or is threatened to be made a party by reason of the fact that such Person is or was acting on behalf of the Company (other than an action by or in the right of the Company), the Company shall indemnify such Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing against expenses, including attorneys' fees, judgments and amounts paid in settlement actually and reasonably incurred by such Person in connection with such action, suit or proceeding to the maximum extent permitted by applicable law, provided that such Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and that the conduct giving rise to the liability for which indemnification is sought does not constitute fraud, gross negligence or gross misconduct.

ARTICLE V.
CONTRIBUTIONS

5.1 Capital Contribution. Unless unanimously agreed to by the Members in writing, no Member shall be required to make additional Capital Contributions to the Company. In addition, no Member shall be allowed to make additional Capital Contributions to the Company without the approval of CCE (but only so long as it shall be a Member) and of ETP (but only so long as it shall be a Member).

5.2 No Right to Interest or Return of Capital. Except as set forth herein, no Member shall be entitled to any return of, or interest on, Capital Contributions to the Company. No Member shall have any liability for the return of the Capital Contribution of any other Member and each Member shall look only to the assets of the Company for return of its Capital Contribution.

5.3 No Third Party Rights. The obligations or rights of the Company or the Members to make any Capital Contribution under this Article V shall not grant any rights to or confer any benefits upon any Person who is not a Member.

ARTICLE VI.
DISTRIBUTIONS

6.1 Cash Flow. Subject to Sections 6.2, 6.3 and 11.2, Cash Flow shall be distributed at such times as shall be determined by the affirmative vote of the Executive Committee to each Class A Member and Class B Member in proportion to their respective Aggregate Percentage Interests. Distributions to each Member shall be sent via wire transfer to such account identified by such respective Member in writing to the Managing Member from time to time.

6.2 Amounts Withheld for Taxes. Notwithstanding any provision of this Agreement to the contrary, if the Company is required to pay, with respect to or on behalf of any Member or any other Person, any amount required to be withheld by the Company in respect of taxes based on or measured by income under federal, state, or local law or any estimated tax or similar amount, such Member or other Person shall, upon demand of the Company, promptly reimburse the Company for such amount. To the extent that such Member or other Person has not so reimbursed the Company, any and all amounts so paid by the Company may be withheld from and offset against distributions to such Member or other Person and shall be considered for all purposes of this Agreement to have been distributed to such Member or other Person pursuant to this Article VI.

6.3 Minimum Distribution for Taxes. To the extent permitted by applicable Credit Facilities and other obligations of the Company, the Company shall distribute in accordance with Section 6.1, with respect to each Fiscal Year and during the period commencing on the first day of such Fiscal Year and ending on the 15th day of the third month following the end of such Fiscal Year, an amount equal to the lesser of (a) (i) the Company's Cash Flow for such Fiscal Year less (ii) the aggregate amount of all quarterly distributions of Cash Flow previously made during such Fiscal Year and (b) 40% (or such other percentage as may be determined by the Executive Committee) of the taxable income of the Company for such Fiscal Year. For purposes of this Section 6.3, the taxable income of the Company for each Fiscal Year shall be computed as though the Company were a corporation which did not file consolidated Federal income tax returns, as though such corporation did not make any of the elections specified in Code Section 703(b), as though Code Section 243(a)(1) and Code Section 243(c) (if applicable), rather than Code Section 243(a)(3), applied to "qualifying dividends" (as defined in Code Section 243(b)(1)), without regard to any carryover or carryback of any net operating loss, capital loss, investment credit, unused foreign tax, excess charitable contribution, passive loss or credit, or other item from any other year, and without regard to the provisions of Code Section 703(a).

ARTICLE VII.
ALLOCATIONS

7.1 Book Allocations. Sections 7.1(a) and (b) set forth the general rules for book allocations to the Members. Section 7.1(c) sets forth various special rules that supercede the general rules of Sections 7.1(a) and (b).

(a) Profit. Profits for each Fiscal Year shall be allocated to the Members in the following order of priority:

(i) *first*, each Class A Member and Class B Member shall be allocated Profits (in proportion to the aggregate Losses allocated to such Members under Section 7.1(b)(ii) for all Fiscal Years) until the aggregate allocations made to each Class A Member and Class B Member pursuant to this Section 7.1(a)(i) is equal to the aggregate Losses allocated to the Member pursuant to Section 7.1(b)(ii) for all Fiscal Years; and

(ii) *thereafter*, each Class A Member and each Class B Member shall be allocated Profits in proportion to its Aggregate Percentage Interests.

(b) Losses. Losses for each Fiscal Year shall be allocated to the Members in the following order of priority:

(i) *first*, to the Class A Members and Class B Members, if any, having positive balances in their Adjusted Capital Accounts, in proportion to and to the extent of, such positive balances; and

(ii) *thereafter*, to the Class A Members and Class B Members in proportion to their Aggregate Percentage Interests.

(c) Special Rules. Notwithstanding Sections 7.1(a) and (b), the following special allocation rules shall apply under the circumstances described:

(i) Limitation on Loss Allocations. The Losses allocated to any Member pursuant to Section 7.1(b) with respect to any Fiscal Year shall not exceed the maximum amount of Losses that can be so allocated without causing such Member to have an Adjusted Capital Account Deficit at the end of such Fiscal Year. All items of loss or deduction in excess of the limitation set forth in this Section 7.1(c)(i) shall be allocated first, to the Member who will not be subject to this limitation, and second, any remaining amount to the Members in the manner required by the Code and the Regulations. To the extent that items of loss and deduction are allocated pursuant to this Section 7.1(c)(i) to a Member, such Member shall be allocated a corresponding amount of income and gain as may be available in the earliest subsequent Fiscal Year to offset such allocation of loss and deduction.

(ii) Company Minimum Gain. Except as otherwise provided in Regulations Section 1.704-2(f), if there is a net decrease in Company Minimum Gain during any Company taxable period, each Member shall be specially allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in proportion to and to the extent of, an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). This Section 7.1(c)(ii) is intended to comply with the charge back of items of income and gain requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(iii) Minimum Gain Attributable to Member Nonrecourse Debt. Except as otherwise provided in Regulations Section 1.704-2(i)(4), if there is a net decrease in Minimum Gain Attributable to Member Nonrecourse Debt during any Company taxable period, each Member with a share of Minimum Gain Attributable to Member Nonrecourse Debt shall be specially allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to the portion of such Member's share of the net decrease in the Minimum Gain Attributable to Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). This Section 7.1(c)(iii) is intended to comply with the charge back of items of income and gain requirement in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iv) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4),(5) or (6), and such adjustment, allocation or distribution causes or increases an Adjusted Capital Account Deficit for such Member, then before any other allocations are made under this Agreement or otherwise, such Member shall be allocated items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, such Adjusted Capital Account Deficit of such Member as quickly as possible.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Members in the same ratios that Profit is allocated for the taxable year in accordance with Regulations Section 1.704-2(b)(1). If the Executive Committee determines in its good faith discretion that the Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the Executive Committee is authorized to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any taxable period shall be allocated 100% to the Member that bears the economic risk of loss (as described in Regulations Section 1.704-2(b) with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)). If more than one Member bears the economic risk of loss with respect to a Member Nonrecourse Debt, such Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members in accordance with the ratios in which they share such economic risk of loss.

(vii) Curative Allocations. The allocations set forth in Sections 7.1(c)(i) through 7.1(c)(vi) (the "Regulatory Allocations") are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2(b). Notwithstanding any other provisions of this Section 7.1(c) (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss, and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations (including anticipated future Regulatory Allocations) to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

(viii) Change in Regulations. If the Regulations incorporating the Regulatory Allocations are hereafter changed or if new Regulations are hereafter adopted, and such changed or new Regulations, in the opinion of independent tax counsel for the Company, make it necessary to revise the Regulatory Allocations or provide further special allocation rules in order to avoid a significant risk that a material portion of any allocation set forth in this Article VII would not be respected for federal income tax purposes, the Executive Committee shall make such reasonable amendments to this

Agreement as, in the opinion of such counsel, are necessary or desirable, taking into account the interests of the Members as a whole and all other relevant factors, to avoid or reduce significantly such risk to the extent possible without materially changing the amounts allocable and distributable to any Member, pursuant to this Agreement.

(ix) Non-Recourse Liabilities. "Excess non-recourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3) shall be allocated in the same ratio that Profit is allocated for the taxable year.

7.2 Tax Allocations.

(a) In General. Allocations for tax purposes of items of income, gain, loss, deduction and basis therefor, shall be made in the same manner as allocations for book purposes set forth in Section 7.1. Allocations pursuant to this Section 7.2 are solely for purposes of federal, state and local income taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

(b) Special Rules.

(i) Elimination of Book/Tax Disparities. In determining a Member's allocable share of Company taxable income, the Member's allocable share of each item of Profit and Loss shall be properly adjusted to reflect the rules and principles of Code Section 704(c) and Regulations Section 1.704-3. This Section 7.2(b)(i) is intended to comply with the requirements of Code Section 704(c) and Regulations Sections 1.704-1(b)(2)(iv)(d) and (f) and shall be interpreted consistently therewith. Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement.

(ii) Allocation of Items Among Members. Except as otherwise provided in Section 7.2(b)(i), each item of income, gain, loss and deduction and all other items governed by Code Section 702(a) shall be allocated among the Members in proportion to the allocation of Profits, Losses and other items to the Members hereunder, provided that any gain recognized from any disposition of a Company asset that is treated as ordinary income because it is attributable to the recapture of any depreciation or amortization shall be allocated among the Members in accordance with Regulations Section 1.1245-1(e), if applicable, or with any other applicable provision of the Regulations and, if no such provision is applicable, in the same ratio as the prior allocations of Profits and Losses and other items that included such depreciation or amortization, but not in excess of the gain otherwise allocable to each Member.

(c) Conformity of Reporting. The Members are aware of the income tax consequences of the allocations made by this Section 7.2 and hereby agree to be bound by the provisions of this Section 7.2 in reporting their shares of Company profits, gains, income, losses, deductions, credits and other items for income tax purposes.

7.3 Transferred Interests. If any Membership Interest (or portion thereof) is sold, assigned or transferred during any Fiscal Year, then Profit, Loss, each item thereof and all other

items realized by the Company during such Fiscal Year shall be divided and allocated between the Members by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Members.

7.4 Section 754 Election. In the event of a Transfer of a Membership Interest permitted under this Agreement, the Company shall, at the request of the transferee Member, file an election under Section 754 of the Code to adjust the basis of the assets of the Company in accordance with the provisions of Section 743 of the Code. Any costs associated with such election (such as accounting fees) shall be borne by the transferee Member.

7.5 Tax Matters Member.

(a) For purposes of Code Sections 6221 through 6223, the Managing Member from time to time shall also be, and is hereby designated as, the "tax matters partner" of the Company (the "Tax Matters Member").

(b) The Tax Matters Member shall make an election under Code Section 6231(a)(i)(B)(ii) with the Company's first tax return to be filed after the effective date of this Agreement to have Code Sections 6221 to 6234, inclusive, apply to the Company.

(c) The Tax Matters Member shall, within ten days (or such shorter period of time as is reasonably practicable) of the receipt of any notice from the Internal Revenue Service in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, deliver a copy of such notice to each Member. The Tax Matters Member shall cooperate with any Member, and shall take such action as may be required to be taken by the Tax Matters Member, to cause such Member to become a "notice partner" within the meaning of Section 6231(a)(8) of the Code. The Tax Matters Member shall inform each Member of all significant matters that may come to its attention in its capacity as Tax Matters Member by giving written notice thereof within 10 business days (or such shorter period of time as is reasonably practicable) after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in its capacity as Tax Matters Member.

(d) The Tax Matters Member shall not take any action that may be taken by a "tax matters partner" under Code Section 6221 through 6234 unless (i) it has first given the other Members written notice of the contemplated action at least ten business days prior to the applicable due date of such action and (ii) it has received the unanimous written consent of the other Members to such contemplated action; provided, however, that unless the Tax Matters Member is notified otherwise no later than two business days prior to any date by which the Tax Matters Member must act as set forth in any notice received from the Internal Revenue Service, the Code or the regulations promulgated thereunder, such other Members shall be deemed to have given their consent.

(e) At least 20 days prior to the due date for the filing of any federal income tax return of the Company, the Tax Matters Member shall provide a proposed draft of such return to the Members for their approval. If the Members approve such return, the return shall be filed as approved. Failure to provide the Tax Matters Member with written notice that the

Members do not approve such return within 10 days from the receipt thereof by the Members shall be deemed approval by the Members. In the event the Members do not approve such return, and the Members and Tax Matters Member are otherwise unable to resolve their differences with regard to such return, the matter shall be submitted to an independent, nationally recognized accounting firm, the decision of which shall be final. The cost of retaining such accounting firm with respect to resolving such dispute shall be borne by the Company. The Tax Matters Member shall provide a draft or final copy of any tax return to a Member upon written request by such Member.

(f) Without limiting and in addition to the foregoing, for tax proceedings, matters and claims in excess of $3 million, the Tax Matters Member shall not initiate any legal or administrative proceedings on behalf of the Company or a Company Subsidiary in respect of or relating to any tax proceedings or other tax matters, or agree to the settlement of any claims in respect of or relating to any tax proceedings or other tax matters, without first consulting with the Executive Committee a reasonable period of time prior to taking any such action.

ARTICLE VIII.
TRANSFER/ADMISSION MATTERS

8.1 Transfer Restrictions. ETP, CCE and any other Person holding, directly or indirectly, a Class A Membership Interest or Class B Membership Interest may Transfer all or any portion of its Membership Interest only in accordance with the provisions of this Article VIII; provided, that ETP, CCE and any other Person holding, directly or indirectly, a Class A Membership Interest or Class B Membership Interest may Transfer all or any portion of its Membership Interest to an Affiliate with prior notice to the Executive Committee and upon satisfaction of the provisions of Section 8.3. Notwithstanding any provision hereof to the contrary, no Class A Member may Transfer any Membership Interest to any person that is a Class A Prohibited Transferee and no Class B Member may Transfer any Membership Interest to any person that is a Class B Prohibited Transferee.

8.2 Right of First Offer. If any Class A Member or Class B Member (a "Transferring Member") desires to Transfer all or any portion of its Class A Membership Interest or Class B Membership Interest, as applicable (the "Specified Interest"), to any Third Party Purchaser, such Transferring Member shall first give notice thereof (the "Offer Notice") to the other Class A Members and Class B Members (the "Non-Transferring Members"), specifying the price (the "Specified Price") and other terms (the "Specified Terms") at and on which such Transferring Member is willing to sell the Specified Interest. The delivery of the Offer Notice by the Transferring Member to the Non-Transferring Members shall constitute an offer by the Transferring Member to negotiate in good faith to sell to the Non-Transferring Members the Specified Interest at the Specified Price upon the Specified Terms. The Non-Transferring Members shall each have 30 Business Days (the "Acceptance Period") from and including the date it receives the Offer Notice to accept such offer, which acceptance shall be in the form of a written notice (the "Acceptance Notice") to the Transferring Member. Each Non-Transferring Member wishing to accept such offer (each, an "Accepting Member") shall thereafter negotiate in good faith with the Transferring Member. If more than one Non-Transferring Member shall wish to purchase the Specified Interest, each such Non-Transferring Member shall be entitled to purchase a proportionate share of the Specified Interest on the basis of its Aggregate Percentage

Interest. If the Accepting Member(s) and the Transferring Member fail to execute a definitive purchase agreement within 30 Business Days following receipt by the Transferring Member of the applicable Acceptance Notice(s), or if the sale of the Specified Interest to the Non-Transferring Member(s) is not consummated within 60 days following such receipt of the Acceptance Notice, the offer set forth in this Section 8.2 shall then automatically expire, and such Transferring Member may Transfer the Specified Interest, subject to the other terms of this Agreement, for a price and on terms and conditions substantially no more favorable to the purchaser than those offered by the Transferring Member; provided, however, that if the Transferring Member shall fail to sell the Specified Interest or any portion thereof within 180 days from such expiration, the Specified Interest or such non-transferred portion of the Specified Interest shall again be subject to the right of first offer contained in this Section 8.2.

8.3 Transfer Requirements. Notwithstanding anything to the contrary contained herein, the Company shall not recognize for any purpose any purported Transfer of all or any portion of a Member's Membership Interest unless:

(a) the Company shall have been furnished with the documents effecting such Transfer executed and acknowledged by both transferor and transferee, together the written agreement of the transferee to become a party to and be bound by this Agreement, which shall be in form and substance reasonably satisfactory to the Executive Committee;

(b) such Transfer shall have been made in accordance with all applicable laws and regulations and all necessary governmental consents shall have been obtained and requirements satisfied, including without limitation, compliance with the Securities Act, and applicable state blue sky and securities laws, and such Transfer will not cause the Company to breach or violate any applicable law;

(c) such Transfer will not cause the Company to have more than 100 partners (within the meaning of Regulations Section 1.7704-1(h)) or does not otherwise cause the Company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code;

(d) such Transfer will not result in a termination of the Company for purposes of Section 708 of the Code;

(e) all necessary instruments reflecting such admission shall have been filed in each jurisdiction in which such filing is necessary in order to qualify the Company to conduct business or to preserve the limited liability of the Members; and

(f) such Transfer will not result in the occurrence of an event of default or similar occurrence (whether immediately or with the giving of notice, the passage of time or both) under the terms of any of the Credit Facilities;

provided, however, that the foregoing provisions of this Section 8.3 shall not apply to the Transfers contemplated by the Redemption Agreement.

The Executive Committee may request an opinion of counsel (which counsel shall be chosen by the non-transferring Member but shall be reasonably satisfactory to the transferee Member) with

respect to any of the foregoing or any other matters that the Executive Committee reasonably deems appropriate in respect of any such Transfer. In addition, the Executive Committee, upon unanimous consent, may waive any of the foregoing provisions. Notwithstanding the foregoing, a Transferring Member need not comply with Section 8.3(d) if such Transferring Member indemnifies each other Member in a manner and amount reasonably satisfactory to each such other Member for any adverse tax effects that would result from such termination.

8.4 Admission of a Member. A Person may be admitted as Class A Member or a Class B Member upon satisfaction of the relevant requirements of this Article VIII or with the unanimous written consent of the Class A Members and the Class B Members. Upon such admission, such Member shall be designated as either a Class A Member or a Class B Member, and the Managing Member shall amend Exhibit A appropriately to reflect the admission of such Person as a Member.

8.5 Cooperation by Members. If any Member wishes to Transfer all or a portion of its Membership Interest in accordance with the provisions of this Article VIII, each other Member shall use its reasonable efforts to assist the Member seeking to make such Transfer as such Member may reasonably request.

ARTICLE IX.
BOOKS AND RECORDS; BANK ACCOUNTS

9.1 Books and Records. The books and records of the Company shall, at the cost and expense of the Company, be kept or caused to be kept by the Managing Member at the principal place of business of the Company. Such books and records will be kept on the basis of a calendar year, and will reflect all Company transactions and be appropriate and adequate for conducting the Company's business. By February 28 of each year, the Tax Matters Member shall provide each Member of Holdings with an estimate of its allocable share of the preceding year's taxable income, loss, credit and certain other information necessary for the Members to file a complete tax return.

9.2 Reporting Requirements.

(a) Members Holding 5% Membership Interests. The Managing Member shall prepare, or cause to be prepared, and shall deliver a financial report (audited in the case of a report sent as of the end of a Fiscal Year and unaudited in the case of a report sent as of the end of a quarter) to each holder of 5% or more of the outstanding Class A Membership Interests and to each holder of 5% or more of the outstanding Class B Membership Interests within 120 days after the end of each Fiscal Year (commencing after the date of this Agreement) and 60 days after the end of each of the first three quarters of each Fiscal Year (commencing with the first full quarter after the date of this Agreement), setting forth for such Fiscal Year or quarter:

(i) the assets and liabilities of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, as of the end of such Fiscal Year or quarter;

(ii) the net profit or net loss of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, for such Fiscal Year or quarter;

(iii) the cash flows of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, for such Fiscal Year or quarter; and

(iv) in the case of a Fiscal Year only, such Class A Member's or such Class B Member's closing Capital Account balance as of the end of such Fiscal Year.

(b) Members Holding 20% Membership Interests. The Managing Member shall prepare, or cause to be prepared, and shall deliver to each Member holding 20% or more of the outstanding Class A Membership Interests and to each Member holding 20% or more of the outstanding Class B Membership Interests as promptly as practicable such information regarding the Company and each Company Subsidiary as such Member shall reasonably request.

9.3 Bank Accounts. All funds of the Company will be deposited in its name in an account or accounts maintained with such bank or banks selected by the Executive Committee. The funds of the Company will not be commingled with the funds of any other Person. Checks will be drawn upon the Company account or accounts only for the purposes of the Company and shall be signed by authorized representatives of the Company.

ARTICLE X.
DISSOLUTION AND LIQUIDATION

10.1 Dissolution. The Company shall be dissolved upon the approval of the Members required by Section 4.4(c)(i).

10.2 Distribution on Dissolution.

(a) Upon dissolution of the Company, no further business shall be conducted except for the taking of such action as shall be necessary for the winding up of the affairs of the Company and the distribution of assets pursuant to the provisions of this Section. So long as it shall then be a Member, CCE shall act as the Liquidating Trustee. If CCE shall not then be a Member or if it is unable to act as Liquidating Trustee, then the Members shall appoint another Liquidating Trustee. The Liquidating Trustee shall have full authority to wind up the affairs of the Company and to make distributions provided herein.

(b) Upon dissolution of the Company, the Liquidating Trustee shall either sell the assets of the Company at the best price available, or the Liquidating Trustee may distribute to the Members all or any portion of the Company's assets in kind. If any assets are to be distributed in kind, the Liquidating Trustee shall ascertain the fair market value (by appraisal or other reasonable means) of such assets, and each Member's Capital Account shall be charged or credited, as the case may be, as if such asset had been sold for cash at such fair market value and the Profit or Loss recognized thereby had been allocated to and among the Members in accordance with Article VII.

(c) All assets of the Company shall be applied and distributed in the following order:

(i) *first*, to the payment and discharge of all the Company's debts and liabilities to creditors, including liabilities to Members who are creditors, to the extent otherwise permitted by law;

(ii) *second*, to establish such reserves as the Liquidating Trustee may deem reasonably necessary (and if the Liquidating Trustee shall be a Member, with the approval of Members holding at least two-thirds of all Membership Interests) for contingent or unforeseen liabilities or obligations of the Company; and

(iii) *thereafter*, to the Class A Members and the Class B Members in accordance with Section 6.1.

10.3 Cancellation of Certificate. Upon the completion of the distribution of Company assets as provided in this Article X, the Company shall be terminated, and the Members shall cause the cancellation of the Certificate and all amendments thereto, and shall take such other actions as may be necessary or appropriate to terminate the Company.

ARTICLE XI.
GENERAL

11.1 Title to Company Property. All property owned by the Company, including, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership of such property. The Company may hold any of its assets in its own name or in the name of its nominee, which nominee may be one or more Persons.

11.2 Severability. Every provision of this Agreement is intended to be severable. Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity will not affect the validity of the remainder of this Agreement.

11.3 Governing Law. This Agreement and rights and obligations of the parties hereto with respect to the subject matter hereof will be interpreted and enforced in accordance with, and governed exclusively by, the law of the State of Delaware, excluding the conflicts of law provisions thereof.

11.4 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties hereto and their permitted successors, heirs and assigns.

11.5 Waiver of Action for Partition. Each of the Members irrevocably waives during the term of the Company any right that he may have to maintain any action for partition with respect to any property of the Company.

11.6 Headings. The headings of the Articles, Sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

11.7 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, with the same effect as if all parties had signed the same documents, each of which will be considered an original, but all such counterparts together will constitute but one and the same Agreement. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

11.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. This Agreement and the exhibits hereto supersede all prior written and all prior and contemporaneous oral agreements, understandings, negotiations and representations between the parties with respect to such subject matter.

11.9 Amendment. Except in the case of a modification of Exhibit A to be made by the Managing Member as expressly contemplated by the terms of this Agreement, including Section 5.2, this Agreement may be amended only by an instrument in writing signed by all of the Members. Promptly following any amendment to this Agreement (including any modification to Exhibit A by the Managing Member), the Managing Member shall provide a true and complete copy thereof to each other Member.

11.10 Securities Law Matters. The Members agree and acknowledge that their Membership Interests are being acquired by them for investment purposes only and not with a view to any sale thereof; that they have had adequate opportunity to obtain from representatives of the Company and others all information necessary for purposes of evaluating the merits and risks of holding a Membership Interest; that they are able to bear the economic risk of holding their Membership Interests hereunder for an indefinite period; that the Membership Interests are illiquid assets and that there is no market in which to effectuate a resale thereof or any portion thereof; and that, in any event, the resale of their Membership Interests cannot be effectuated except pursuant to compliance with the registration requirements under the Securities Act or an exemption therefrom.

11.11 Notices.

(a) Each notice or other communication required or permitted to be given pursuant to this Agreement shall be in writing and delivered in person or by first class United States mail, postage prepaid, to the party to whom addressed or by any nationally known overnight courier service to the address specified on Exhibit A or to such other address as the party may advise the Executive Committee, the Managing Member and the other Members as its address for notice hereunder.

(b) All notices shall be deemed given upon the earlier to occur of: (i) the date of actual receipt; (ii) the date of refusal of delivery; and (iii) (A) as to hand delivery, the date of delivery, (B) as to facsimile, when such facsimile is transmitted to the facsimile number specified herein and the appropriate confirmation is provided, (C) as to overnight courier service, the date following the deposit with the overnight courier service, and (D) as to the US Mails, three business days after depositing in the US Mails.

11.12 Construction. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any creditors of the Company or other third parties.

11.13 Submission to Jurisdiction; Consent to Service of Process.

(a) Any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated by this Agreement, and any and all Actions related to the foregoing shall be filed and maintained exclusively in the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch, of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 11.11.

11.14 No Consequential or Punitive Damages. No party hereto (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for any consequential, exemplary, special, incidental or punitive damages claimed by such other party under the terms of or due to any breach of this Agreement, including, but not limited to, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

11.15 Waiver. No consent or waiver, express or implied, by any Member to or of any breach or default by any other Member in the performance by such other Member of its obligations under this Agreement shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such other Member of the same or any other obligation of such other Member under this Agreement. Failure on the part of any Member to complain of any act or failure to act of any other Member or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by such Member of its rights under this Agreement.

11.16 Confidentiality. Each Member shall hold, and shall cause its Affiliates to hold, in strict confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, the contents of any reports, financial statements, budgets or other information delivered to any Member pursuant to Section 9.2 ("Confidential Information), except to the extent that such Confidential Information (i) has been or has become (A) generally available to the public other than as a result of disclosure by any party hereunder or an Affiliate

of a party or (B) available to the public on a non-confidential basis from a source other than an Affiliate of a party entitled to the protection offered hereby, or (ii) is required to be disclosed under applicable law or stock exchange rules; provided, however, the applicable Member shall use, and shall cause its Affiliates to use, commercially reasonable efforts to give each other Member prior notice of any such disclosure in sufficient time to enable each other Member to protect any such information. However, nothing contained in this Section shall preclude the disclosure of Confidential Information, on the condition that it remain confidential, to auditors, attorneys, lenders, financial advisors, members, limited partners and other Persons in connection with the performance of their duties as delegated or requested by any Member hereof.

11.17 Public Announcement. The Members shall consult with each other before issuing any press release relating to the Company or the Company Subsidiaries and shall not issue any such press release or make any such public statement without the prior consent of the other Members, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that a Member may, without consulting with any other Member and without the prior consent of the other Members, issue such press release or make such public statement as may, upon the advice of counsel, be required by applicable law or stock exchange rules if it has used all reasonable efforts to consult with the other Members.

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

CLASS A MEMBERS

CCE ACQUISITION, LLC

By: _____
Name:
Title:

CCEA CORP.

By: _____
Name:
Title:

CLASS B MEMBER

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners, GP, L.P.,
its general partner

By: Energy Transfer Partners, L.L.C.,
its general partner

By: _____
Name:
Title:

EXHIBIT B

Members

Class A Members	Class A Percentage Interest	Class B Percentage Interest	Aggregate Percentage Interest
CCE ACQUISITION, LLC 5444 Westheimer Road Houston, TX 77056 Attn:	99.9%	N/A	49.95%
CCEA CORP. 5444 Westheimer Road Houston, TX 77056 Attn:	.2%		.1%

Class B Member	Class A Percentage Interest	Class B Percentage Interest	Aggregate Percentage Interest
ENERGY TRANSFER PARTNERS, L.P. 2828 Woodside Street Dallas, TX 75204 Attn:	N/A	100%	50%

EXHIBIT B

Class A Prohibited Transferees

1. Kinder Morgan
2. American International Group, Inc.

Class B Prohibited Transferees

1. General Electric
2. Kinder Morgan
3. American International Group, Inc.

EXHIBIT C

Administrative Services Agreement

Exhibit B

AMENDED AND RESTATED
ADMINISTRATIVE SERVICES AGREEMENT

This AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT (this "Agreement") is entered into as of , 2006, by and between CCE HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), and SU Pipeline Management LP, a Delaware limited partnership ("Manager").

RECITALS:

WHEREAS, Holdings owns 100% of the equity interests in CrossCountry Energy, LLC, a Delaware limited liability company ("CrossCountry"); and

WHEREAS, CrossCountry owns 100% of the membership interests of Transwestern Holding Company, LLC, a Delaware limited liability company that owns 100% of the membership interests of Transwestern Pipeline Company, LLC, a Delaware limited liability company (collectively, "Transwestern"); 100% of the membership interests of CrossCountry Citrus, LLC, a Delaware limited liability company that owns 50% of the issued and outstanding shares of capital stock of Citrus Corp., a Delaware corporation (collectively, "Citrus"); and 100% of the membership interests of CrossCountry Energy Services, LLC, a Delaware limited liability company ("CES") (CrossCountry, Transwestern, Citrus and CES collectively, the "CrossCountry Entities", and Holdings and the CrossCountry Entities and their respective facilities, property, operations, equipment and other assets collectively, the "Enterprise"); and

WHEREAS, Energy Transfer Partners, L.P., a Delaware limited partnership ("ETP"), has entered into a Purchase and Sale Agreement dated as of September 14, 2006, with the owners of the Class B interests of Holdings under which it will purchase those Class B interests (the "CCE Acquisition Agreement"); and

WHEREAS, ETP, CCE Acquisition, LLC, a Delaware limited liability company, and CCEA Corp., a Delaware corporation, the owners of the Class A interests of Holdings, have negotiated certain changes to the Administrative Services Agreement dated November 5, 2004 between Holdings and Manager that they desire to become effective upon closing of the transaction described in the CCE Acquisition Agreement; and

WHEREAS, Holdings desires to continue having Manager manage the Enterprise on its behalf; and

WHEREAS, Holdings and Manager desire to set forth their respective rights and obligations with respect to the operation and management of the Enterprise, including certain charges associated with the execution and closing of the CCE Acquisition Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements herein contained, the Parties intending to be legally bound hereby agree as follows:

ARTICLE I
DEFINITIONS

The terms used herein shall have the respective meanings as set forth below.

1.01 "Accepted Gas Pipeline Practices" shall mean those practices, methods and acts engaged in or approved by a significant portion of the interstate natural gas pipeline industry during the term of this Agreement and any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, would have been reasonably expected to accomplish a desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

1.02 "Accounting and Financial Procedures" shall mean the budgeting, accounting, billing and auditing procedures set forth in Exhibit "A" hereto.

1.03 "Act" means the Securities Exchange Act of 1934, as amended.

1.04 "Affiliate" means, with respect to any person, any direct or indirect subsidiary of such person, and any other person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first person. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

1.05 "CES" has the meaning set forth in the Recitals to this Agreement.

1.06 "Citrus" has the meaning set forth in the Recitals to this Agreement.

1.07 "Class A Member" has the meaning set forth in the LLC Agreement.

1.08 "Class A Membership Interests" has the meaning set forth in the LLC Agreement.

1.09 "Committee" shall mean the Executive Committee of Holdings or, to the extent the rights and responsibilities of the Committee under the LLC Agreement are in the future delegated, assigned, in whole, or in part, or otherwise conveyed to another committee or governing body, that body to which such rights and responsibilities have been transferred.

1.10 "Confidential Information" has the meaning set forth in Section 4.01 to this Agreement.

1.11 "Credit Facilities" shall mean such loan agreements and instruments to which Holdings or any Holdings subsidiary shall be a party from time to time.

1.12 "CrossCountry" has the meaning set forth in the Recitals to this Agreement.

1.13 "CrossCountry Entities" has the meaning set forth in the Recitals to this Agreement.

1.14 "Effective Date" shall mean , 2006.

1.15 “Enterprise” has the meaning set forth in the Recitals to this Agreement.

1.16 “Fiscal Year” shall mean the period of time commencing on the Effective Date and continuing to December 31 of the same year and commencing on January 1 of each subsequent year and ending on December 31 of the same year.

1.17 “Force Majeure Event” shall mean an act of God; severe fire, flood, earthquake, storm or lightning; National Weather Service warnings or advisories, whether official or unofficial, that result in the evacuation of facilities, an act of Governmental Authority, or necessity for compliance with any court order, law, statute, consent agreement, settlement ordinance or regulation promulgated or agreed to by or with a Governmental Authority having jurisdiction with respect to the applicable subject matter; a strike, lockout or other industrial disturbance; an act of the public enemy, sabotage, war, act of terrorism, insurrection or blockade; riot or other civil disturbance; epidemic; explosions, delay in obtaining material, permits, equipment, and any other similar event or cause that, in each such case, prevents, in whole or in part, the performance of a Party’s obligations under this Agreement, is not reasonably within the control of the affected Party and which by the exercise of commercially reasonable efforts the affected Party is unable to overcome or prevent.

1.18 “GAAP” means United States generally accepted accounting principles consistently applied.

1.19 “Governmental Authority” means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to United States federal, state or local government, including any governmental authority, agency, department, board, commission or instrumentality or any political subdivision thereof, and any tribunal, court or arbitrator(s) of competent jurisdiction.

1.20 “Holdings” has the meaning set forth in the preamble to this Agreement.

1.21 “Holdings Indemnified Parties” has the meaning set forth in Section 4.03 to this Agreement.

1.22 “LLC Agreement” means the Second Amended and Restated Limited Liability Company Agreement of Holdings, dated as of , 2006, as it may be amended from time to time.

1.23 “Manager” has the meaning set forth in the preamble to this Agreement.

1.24 “Manager Indemnified Parties” has the meaning set forth in Section 4.02(a) to this Agreement.

1.25 “Managing Member” has the meaning set forth in the LLC Agreement.

1.26 “Member” shall mean a member of Holdings from time to time, and “Members” means each Member, collectively as provided by the LLC Agreement.

1.27 “Membership Interests” has the meaning set forth in the LLC Agreement.

1.28 “Notice” has the meaning set forth in Section 6.01 to this Agreement.

1.29 "Party" shall mean Holdings or Manager, and "Parties" shall mean both Holdings and Manager.

1.30 "Representatives" has the meaning set forth in Section 4.01 to this Agreement.

1.31 "Shared Services" has the meaning set forth in Section 3.01(a) to this Agreement.

1.32 "Southern Union" means Southern Union Company, a Delaware corporation.

1.33 "Transwestern" has the meaning set forth in the Recitals to this Agreement.

ARTICLE II
RELATIONSHIP AND REPRESENTATIONS OF THE PARTIES

2.01 General Principles Regarding the Relationship of the Parties. The major policies and business decisions of Holdings shall be established by the Committee or determined by a vote of the Members, and in each case, implemented by Manager as directed by the Managing Member. The actions requiring approval of the Committee shall be as set forth in the LLC Agreement. The day-to-day management of the CrossCountry Entities and the operation of the Enterprise, including all administrative and ministerial functions of the business of Holdings not expressly reserved by the Committee, shall be the sole responsibility of the Managing Member, which shall direct and supervise Manager in its duties hereunder. In managing the Enterprise, Manager shall undertake commercially reasonable efforts to act in the best interests of the Members and Holdings collectively. Specifically, Manager shall act impartially with respect to the Members and Holdings notwithstanding that Manager is an Affiliate of the Managing Member. Manager shall use reasonable efforts to assist any Member in its sale of all or a portion of its Membership Interests, at that Member's expense, including preparation of due diligence materials for prospective purchasers. Manager shall devote such amount of time and resources necessary to perform the services as appropriate for the operation of the Enterprise, consistent and in accordance with (i) Accepted Gas Pipeline Practices, (ii) laws and regulations applicable to the Enterprise and (iii) material contracts and agreements binding on the Enterprise, including any Credit Facilities.

2.02 Representations and Warranties of Manager. Manager represents and warrants to Holdings, as of the date hereof, as follows:

(a) Manager is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own its properties and assets and to conduct its business as now conducted;

(b) Manager has taken all necessary action to authorize the execution, delivery and performance of its obligations under this Agreement, which action has not been superseded or modified, and this Agreement has been duly executed and delivered by Manager and constitutes the legal, valid and binding obligation of Manager, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and general principles of equity;

(c) the execution, delivery and performance of this Agreement do not violate (i) Manager's limited partnership agreement or any resolution of its board of managers or other committees charged with the governance of its affairs, (ii) any contract to which Manager or any of Manager's Affiliates is a party or (iii) any law, rule, regulation, order, writ, judgment, injunction, decree or determination affecting Manager or any of its properties;

(d) no litigation is pending or, to Manager's knowledge threatened, which seeks to restrain it from performing its obligations hereunder or the adverse outcome of which would materially affect its business or its ability to perform its obligations hereunder; and

(e) Manager or one of its Affiliates is experienced in the administration and management of gas pipelines, and has obtained all required approvals with respect to the operation of such pipelines and has not been and is not currently subject to any material judgment or settlement of any claim imposing liability on it for noncompliance with law or mismanagement in its administration and management of any gas pipelines.

2.03 Representations and Warranties of Holdings. Holdings represents and warrants, as of the date hereof, as follows:

(a) Holdings is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own its properties and assets and to conduct its business as now conducted;

(b) Holdings has taken all necessary action to authorize the execution, delivery and performance of its obligations under this Agreement, which action has not been superseded or modified, and this Agreement has been duly executed and delivered by Holdings and constitutes the legal, valid and binding obligation of Holdings, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and general principles of equity;

(c) the execution, delivery and performance of this Agreement do not violate (i) Holdings' limited liability company operating agreement or any resolution of the Committee or other committees charged with the governance of its affairs, (ii) any contract to which Holdings is a party or (iii) any law, rule, regulation, order, writ, judgment, injunction, decree or determination affecting Holdings or any of its properties; and

(d) no litigation is pending or, to Holdings' knowledge threatened, which seeks to restrain it from performing its obligations hereunder or the adverse outcome of which would materially affect its business or its ability reasonably to perform its obligations hereunder.

ARTICLE III
GENERAL RESPONSIBILITIES OF MANAGER

3.01 Shared Services. The Members have agreed that the Enterprise will receive certain ongoing services from employees of Southern Union and its Affiliates (the "Shared Services"). The Members have acknowledged that cost savings and operating efficiencies are achievable through such employees providing the Shared Services to the Enterprise while continuing to provide such services to Southern Union and its Affiliates. Manager, as directed by the Committee, shall be responsible for determining and administering the scope and provision of the Shared Services.

3.02 General Responsibilities. Manager shall be charged with and shall be responsible for the operation of the Enterprise, including all administrative and ministerial functions of the Enterprise, subject to the limitations expressly provided for in the LLC Agreement, the Redemption Agreement dated contemporaneously herewith between ETP and Holdings (the "Redemption Agreement"), or as otherwise established from time to time by the Committee, subject to the provisions of Section 4.3(c) of the LLC Agreement. Consistent therewith, in performing the responsibilities set forth herein, Manager shall carry out such responsibilities, or shall use commercially reasonable efforts to cause contractors selected by it to carry out such responsibilities, with the same degree of diligence and care that Manager would exercise if operating its own property and in a sound, workmanlike and prudent manner; and it shall comply, and shall use commercially reasonable efforts to require all such contractors to comply, with all relevant laws, statutes, ordinances, safety codes, regulations and rules of any Governmental Authority applicable to Holdings or the Enterprise.

3.03 General Services. Subject to the provisions of this Agreement and commencing on the Effective Date, Manager, on behalf of and as agent for Holdings, and in accordance with the approved budgets, shall employ sufficient personnel to operate the Enterprise and provide all necessary services and acts as Manager reasonably determines are necessary to carry out its responsibilities under this Agreement, including but not limited to the provision of the services specifically enumerated in Article I of Exhibit "A" hereto.

3.04 Reports.

(a) Manager shall inform the Committee at least monthly in reasonable detail of any significant events or activities conducted by, or affecting, the Enterprise and shall present to the Committee at monthly meetings or in such monthly reports a copy of each notice, demand or other communication delivered by or received by the Enterprise during the preceding month that would be required to be disclosed by the Enterprise on Form 8-K or any other form promulgated by the Securities Exchange Commission under the Act or, if the Enterprise is not at such time subject to the periodic reporting requirements of the Act, those communications that would be subject to disclosure if it were. Manager shall also furnish to Holdings such additional information, reports, records and projections pertaining to the Enterprise as Holdings may reasonably request.

(b) Manager shall make immediate reports to the Committee of all other material occurrences in relation to the Enterprise.

(c) Manager shall cause the preparation of all federal, state and local reports, returns, pleadings and statements with respect to the Holdings and the CrossCountry Entities to occur in accordance with applicable laws, rules, regulations and orders. In particular, Manager shall cause the preparation of all reports required pursuant to federal and state securities laws for each CrossCountry Entity to which such laws apply. Manager shall not disseminate any press release, whether or not in connection with a filing on Form 8-K, without approval of the Committee unless it has first used reasonable efforts to provide the text of such press release to the Committee but is unable to delay the dissemination of such press release under applicable law to obtain that approval.

3.05 Personnel.

(a) Except as otherwise decided by the Committee in the performance of its duties hereunder, Manager shall have full authority and responsibility for the management and supervision of all employees of the CrossCountry Entities, including, but not limited to, the sole discretion for the selection, supervision and dismissal of such employees, provided that Manager's authority with respect to dismissal of employees shall be subject to the provisions of the Redemption Agreement.

(b) Except as otherwise decided by the Committee, Manager shall employ and supervise the personnel (including consultants and professional service or other organizations) reasonably determined by Manager to be required to perform its duties and responsibilities hereunder in an efficient and economically prudent manner. Manager shall pay all expenses incurred in connection therewith, including reasonably allocated portions of compensation, salaries, incentive compensation, wages, expenses, applicable local, state and federal taxes, social security taxes, workman's compensation insurance, retirement and insurance benefits and other such expenses.

(c) Except as otherwise decided by the Committee, in carrying out its responsibilities hereunder, Manager shall, whenever reasonably practicable use, but not limit the use to, the services of the environmental, risk management, safety, law, finance, accounting, auditing, tax, engineering, human resources, payroll, planning, budgeting, regulatory, public and governmental affairs, information technology, operating, right-of-way and any other departments of Holdings, Manager or their respective Affiliates, as determined by Manager.

(d) All personnel engaged or directed by Manager to perform Manager's obligations under this Agreement and all contractors (and their subcontractors) and consultants retained by Manager on its behalf or on behalf of Holdings shall be in the reasoned opinion of the Manager duly qualified and experienced to perform such obligations. Manager shall use its commercially reasonable efforts to enforce strict discipline and maintain good order among such personnel, and shall use its commercially reasonable efforts to require such personnel to comply with all relevant laws, statutes, ordinances, safety codes, regulations and rules of any Governmental Authority applicable to Holdings or the Enterprise and its operation.

3.06 Contracts.

(a) Subject to the limitations set forth in the LLC Agreement, the Redemption Agreement, or as otherwise directed by the Committee, Manager is authorized to execute on behalf of Holdings any and all contracts that Manager deems in its reasoned opinion necessary or appropriate for purposes of this Agreement.

(b) All such contracts shall provide that the person entering into the contract with Manager shall comply with all relevant laws, statutes, ordinances, safety codes and rules and regulations of any Governmental Authority having jurisdiction.

3.07 Insurance. Manager shall cause to be carried and maintained for the benefit and at the expense of the CrossCountry Entities, Holdings, the Members and the members of the Committee, such insurance as is necessary to comply with all applicable laws, rules and regulations, as well as such insurance as is customarily maintained by owners and operators of gas transmission pipelines.

3.08 Environmental Compliance. Manager shall notify the Committee of any notices of material (a) violations, (b) litigation or (c) other issues associated with environmental compliance for the Enterprise. Manager shall cause Holdings to implement and maintain an environmental, health and safety management system comparable with the system currently maintained by Panhandle Eastern Pipe Line Company, LP.

3.09 Billing and Payment. Manager shall invoice Holdings for the actual cost of the services provided in connection with operation of the Enterprise and Holdings shall pay such invoices pursuant to the Accounting and Financial Procedures set out in Exhibit A to this Agreement.

ARTICLE IV
CERTAIN COVENANTS

4.01 Confidential Information.

(a) Each Party from time to time may be provided information that is confidential and proprietary to the other Party. For purposes of this Agreement, confidential or proprietary information shall include and not be limited to customer lists and other customer information, and financial, technical or business information relating to one Party and provided by such Party to the other ("Confidential Information"). Each Party hereby unconditionally agrees to hold in strict confidence, and not disclose or reveal to any person or entity, any Confidential Information of the other Party disclosed under this Agreement without either (i) the prior written consent of the other Party, (ii) a requirement by applicable law, regulation or court order, including as a matter of federal or state securities law or pursuant to the rules and policies of any national securities exchange on which securities of the Party or its parent company are listed for trading, provided the Party required to disclose uses diligent, reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order and has

allowed the other Party to participate in the proceeding or (iii) as may be necessary for Manager to perform obligations or enforce rights pursuant to this Agreement. Except as otherwise set forth herein neither Party shall provide Confidential information to any third party, except that each Party may also disclose the Confidential Information or portions thereof to the Affiliates, directors, officers, employees, contractors, advisors and agents of such Party (collectively "Representatives") that such Party reasonably determines needs to know such Confidential Information for the purpose of carrying on the business of the Enterprise or of the Party, which Representatives shall be informed of the confidential nature of the Confidential Information and shall agree to bound by terms of this Agreement and not to disclose any Confidential Information to any other person. Each Party shall take all necessary and appropriate steps to protect the confidential or proprietary information of the other Party. Neither Party will use, or permit any third party to use, Confidential Information in any manner except for the purpose for which it was provided.

(b) If any Member wishes to transfer all or a portion of its Membership Interests in accordance with the LLC Agreement, Manager shall use its reasonable efforts to assist the Member seeking to make such transfer as such Member may reasonably request by Notice to the Manager, including furnishing any Confidential Information to such Member as it may reasonably request. Such Member may furnish to a prospective transferee any such information so furnished to it by Manager, *provided, however*, that any disclosure of Confidential Information to a potential transferee is made subject to an executed confidentiality agreement in a form reasonably acceptable to Manager by which the potential transferee is legally bound.

(c) Upon termination of this Agreement, each Party will either return to the other Party all documents and materials containing Confidential Information furnished by such other Party, or destroy such documents and materials and provide Notice of such destruction to the other Party.

4.02 Indemnification by Holdings.

(a) Holdings shall indemnify, defend and hold Manager, its Affiliates and any of their respective officers, directors, employees, representatives or agents ("Manager Indemnified Parties") harmless from any claims, costs, damages, losses or expenses (including reasonable attorneys' fees for counsel of Manager or its Affiliate's choice) arising out of or relating to any breach or default in the performance of Holdings' covenants, agreements or obligations under this Agreement.

(b) Subject to Section 4.03, Holdings expressly acknowledges and agrees that none of Manager, Manager's Affiliates or any of their respective officers, directors, employees, representatives or agents, shall be liable to Holdings for any action not in violation of the terms of this Agreement, which is taken or omitted by, for or at the direction of Manager in its prudent business judgment in accordance with law and with respect to the Enterprise in a manner consistent with its

obligation or duties as "Manager" under this Agreement. Subject only to Section 4.03, Holdings shall indemnify, defend and hold Manager, Manager's Affiliates and any of their respective officers, directors, employees, representatives or agents, harmless from any claims, costs, damages, losses or expenses (including reasonable attorneys' fees for counsel of Manager or its Affiliate's choice) arising out of or related to any action taken or omitted by any of them hereunder in conformity with prudent business judgment in accordance with law and in a manner consistent with its duties as "Manager" under this Agreement. Manager may consult with and rely upon the advice of counsel of its choice, including counsel retained by or for Holdings or the CrossCountry Entities, in any of the foregoing matters, including good faith determinations as to actions required or prohibited by this Agreement.

4.03 Indemnification by Manager. Subject to section 4.02, Manager shall indemnify, defend and hold Holdings, Holdings' Affiliates and any of their respective officers, directors, employees, representatives or agents ("Holdings Indemnified Parties"), harmless from any claim, cost, damage, loss or expense (including reasonable attorneys' fees) that is a result of Manager's, or any of its Affiliates', subcontractors', employees', representatives' or agents' material breach of this Agreement.

4.04 Limitation of Liability; Sole Remedy. Notwithstanding anything to the contrary in this Agreement, neither Party shall be liable for consequential, incidental, punitive, exemplary or special damages resulting directly or indirectly from, or connected with, the performance or non-performance under this Agreement. The indemnification provided for in this Article IV shall be in addition to (and not in lieu of) all other rights and remedies of the Parties, whether at law or in equity, in connection with any failure by a Party to perform or observe any term, provision, covenant or agreement on the part of such Party to be performed or observed under this Agreement.

ARTICLE V
TERMINATION

5.01 Term. Except as provided in Section 5.02 or 5.03, this Agreement shall become effective on the Effective Date hereof and shall continue in force and effect for a term of ten years from the beginning of the first calendar year following the Effective Date, unless earlier terminated as permitted in this Article V, and then shall be automatically renewed for an additional five-year term, unless Manager provides Notice to Holdings of its intent to terminate this Agreement at least 90 days prior to the end of the initial term.

5.02 Termination by Manager. Notwithstanding Section 5.01 and so long as the Managing Member or its Affiliates have not taken action or failed to take action materially contributing to a material breach by Holdings, Manager shall be entitled to terminate this Agreement, without any further obligation or liability on the part of Manager, as a result of a material breach by, or attributable to, Holdings of any of its obligations that remain uncured for 60 days after the receipt by Holdings of Notice from Manager setting forth reasonable detail about such breach or if such cure cannot be completed with the 60-day period, then if the cure is not undertaken promptly upon receipt of such Notice, diligently prosecuted thereinunder and completed within 180 days. In the event of the material breach of non-payment by Holdings, which remains uncured for 30 days after the receipt by Holdings of Notice from Manager of such non-payment, Manager shall be entitled to terminate this Agreement, without any further obligation or liability to Holdings. Holdings shall continue to be liable to Manager for full

payment of (i) any compensation, in such amounts and at such times as determined pursuant to Section 3.09, through the effective date of actual termination pursuant to this Section 5.02, and (ii) all costs incurred by Manager that are the responsibility of Holdings or the CrossCountry Entities pursuant to Section 3.01 and 3.08.

5.03 Termination by Holdings. Notwithstanding Section 5.01, Holdings shall be entitled to terminate this Agreement (a) upon Manager's material breach of its obligations under this Agreement, and Manager's failure to cure such breach within 60 days following Manager's receipt of Notice from the Holdings setting forth in reasonable detail the relevant conduct or failure, (b) upon any of the representations and warranties of Manager contained in this Agreement proving to be materially false, incomplete or misleading, and not reasonably subject to cure in a manner that will result in no material harm to Holdings, (c) upon Manager committing a material violation of any law applicable to Holdings or any CrossCountry Entity, (d) if Southern Union or its Affiliates cease to own beneficially at least a majority of the Class A Membership Interests in Holdings, or (e) in the event of a failure to pay principal or interest as and when due under any Credit Facility (subject to applicable grace periods); *provided however,* that, Holdings shall continue to be liable to Manager for (i) full payment of any compensation, in such amounts and at such times determined pursuant to Section 3.09 through the effective date of such termination pursuant to this Section 5.03, and (ii) all costs incurred by Manager that are the responsibility of Holdings or the CrossCountry Entities pursuant to Article II of Exhibit "A" hereto.

5.04 Termination by Either Party. If a petition in bankruptcy or insolvency is filed by Holdings or Manager, or if Holdings or Manager shall make an assignment for the benefit of creditors, or if either shall file a petition for a reorganization, or for the appointment of a receiver or trustee of all or a substantial portion of its property, or if a petition in bankruptcy or other-above described petition is filed against either which is not discharged within 60 days thereafter, then either Party may terminate this Agreement by serving Notice on the other Party.

5.05 Effect. Termination of this Agreement shall not relieve either Party from any obligation accruing or accrued to the date of such termination, or the right to audit under Section 1.08 of Exhibit "A" hereto, or deprive the Party not in default of any remedy otherwise available to it.

5.06 Survival Upon Termination. The provisions of Article IV shall survive the termination or expiration of this Agreement, and Section 4.01 shall remain in full force and effect for a period of three years following such termination or expiration, *provided, however*, that, the elimination of liability of Manager pursuant to Section 4.02(b), and the acknowledgement by Holdings of its absolute responsibility therefore, shall survive indefinitely; and Manager's entitlement to any payment pursuant to this Agreement, including as or for any compensation, fees, expense reimbursement, indemnification or otherwise, shall survive until it has been paid all such amounts to which it may be entitled.

5.07 Duties Upon Termination. Upon expiration or termination of this Agreement for any reason:

(a) At Holdings' sole expense, Manager shall cooperate with Holdings in the transfer of the management of the Enterprise to Holdings or to a new manager of the Enterprise designated by Holdings; and

(b) Manager shall deliver to Holdings all books, records, accounts, manuals or other similar material in its possession that are required to be maintained pursuant to the Agreement, except that Holdings acknowledges that in the event this requirement requires delivery of books, records, accounts, manuals or other similar material that, as a result of being combined with information of Manager's Affiliates, contains information of entities other than the CrossCountry Entities. Manager may deliver copies of those materials which have been redacted to eliminate information related to entities other than the CrossCounty Entities.

ARTICLE VI
NOTICES AND REPORTS

6.01 Delivery. Any notice, request, instruction, correspondence or other document to be given hereunder by either Party to the other (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or telecopier, as follows:

If to Holdings or the Committee, to:

CCE Holdings, LLC
c/o Energy Transfer Partners, L.P.
8801 South Yale Avenue
Tulsa, Oklahoma 74137
Attention: Robert A. Burk
Vice President and General Counsel
Facsimile: (918) 493-7290

And to:

CCE Holdings, LLC
c/o Southern Union Company
5444 Westheimer Road
Houston, Texas 77056-5306
Attention: Monica Gaudiosi, Senior Vice President & Associate General Counsel
Telephone: (713) 989-7567
Facsimile: (713) 989-1213

If to Manager, to:

SU Pipeline Management LP
c/o Panhandle Eastern Pipe Line Company, LP
5444 Westheimer Road
Houston, Texas 77056-5306
Attention: Monica Gaudiosi, Senior Vice President & Associate General Counsel
Telephone: (713) 989-7567
Facsimile: (713) 989-1213

6.02 Effectiveness. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram or telecopier shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All Notices given by telegram or telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any Party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

6.03 Copies. Copies of all Notices and reports submitted by Manager to Holdings under this Agreement shall be sent to each of the Members at the address to which Notices are to be given to Holdings as provided above.

ARTICLE VII
GOVERNING LAW AND DISPUTE RESOLUTION

7.01 Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and interpreted in accordance with the laws of the State of New York without regard to the conflicts of laws provisions thereof.

7.02 Dispute Resolution.

(a) Any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated by this Agreement, and any and all actions related to the foregoing shall be filed and maintained exclusively in the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 6.01.

ARTICLE VIII
MISCELLANEOUS

8.01 Force Majeure. Subject to the standards set forth in Article II, if, by reason of the occurrence of a Force Majeure Event, Manager is rendered unable, wholly or in part, to carry out its

obligations under this Agreement, and if Manager gives Notice and reasonably full particulars of such Force Majeure Event in writing or by facsimile to Holdings within a reasonable time after the occurrence of the cause relied on, upon giving such Notice, Manager shall not be liable; *provided, however*, that Manager shall undertake commercially reasonable efforts to remedy such cause with all reasonable dispatch. If a Party is prevented from substantially performing its obligations under this Agreement by Force Majeure for a period of 180 days, the other Party may terminate this Agreement without further liability of either Party to the other hereunder by ten days' Notice given any time thereafter unless substantial performance is resumed during that ten ten-day period.

8.02 Laws and Regulatory Bodies. This Agreement, the operation of the Enterprise and the rights and obligations of Holdings and Manager hereunder shall be subject to all valid and applicable laws, orders, court decisions, directives, rules and regulations of any Governmental Authority having jurisdiction.

8.03 Waiver. No waiver by either Party of any default by the other Party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner a release of the other Party from, performance of any other provision, condition or requirement herein, nor deemed to be a waiver of, or in any manner a release of the other Party from, future performance of the same provision, condition or requirement; nor shall any delay or omission of either Party to exercise any right hereunder in any manner impair the exercise of any such right or any like right accruing to it thereafter.

8.04 Modification. This Agreement may not be modified, varied or amended except by an instrument in writing signed by the Parties.

8.05 Headings. The headings to each of the various Articles and Sections in this Agreement are included for convenience and reference only and shall have no effect on, or be deemed as part of the text of, this Agreement.

8.06 Assignment. Neither Party shall assign its rights and obligations hereunder without the prior written consent of the other Party; *provided, however*, that Manager may assign in whole or in part, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Southern Union.

8.07 Conflicts. In the event of any conflict or inconsistency between this Agreement and the Accounting and Financial Procedures, the Accounting and Financial Procedures shall control.

8.08 Manager's Office. Manager may select the office locations used by or for Holdings, the Enterprise and the CrossCountry Entities.

8.09 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to confer any right, remedy or claim upon any person other than the Parties and their respective successors and permitted assigns.

8.10 Further Assurances. Holdings and Manager agree to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be necessary to more fully effectuate this Agreement and to operate the Enterprise as contemplated by the Parties.

8.11 Amendment. This Agreement may not be modified or amended except by a written instrument signed by each of the Parties to this Agreement.

8.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and together constitute one and the same agreement.

8.13 Execution. The signatories to this Agreement represent and warrant that they have the authority to execute the Agreement on behalf of the Parties they represent.

8.14 Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, and same supersedes any prior understandings or written or oral agreements relative to said matter.

8.15 Self-dealing. Notwithstanding any provision hereof to the contrary, Manager, Manager's Affiliates and Holdings may engage in or possess an interest in other business ventures of any nature or description, including the gas distribution interstate and intrastate gas transmission, gas storage, liquefied natural gas regasification and storage, whether independently owned or owned with others, whether currently existing or subsequently created and Manager, Holdings and their Affiliates shall not have any rights in or to any of these other businesses ventures or the income or profits derived therefrom.

8.16 Severability. If any of the provisions of this Agreement shall be determined by a Court of competent jurisdiction to be invalid or unenforceable, all of the other provisions shall remain in full force and effect so long as the economic or legal substance of the contemplated transactions is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible.

8.17 Performance Covenant. By its signature in the place provided below, Panhandle Eastern Pipe Line Company, LP hereby covenants, to the extent permitted by applicable law, to cause Manager to perform the duties and obligations of Manager hereunder.

8.18 Title. Title to all materials purchased by Manager under the terms of this Agreement specifically for the use of the Enterprise shall pass immediately upon reimbursement therefor to, and vest in, Holdings.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed in multiple originals by their respective officers thereunto duly authorized, all as of the date first above written.

CCE HOLDINGS, LLC

By: _____

Title: _____

SU PIPELINE MANAGEMENT LP

By: _____

Title: _____

PANHANDLE EASTERN PIPE LINE COMPANY, LP

By: _____

Title: _____

EXHIBIT "A"
TO
AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT

ACCOUNTING AND FINANCIAL PROCEDURES

ARTICLE I
GENERAL PROVISIONS

1.01 Books and Records. Manager shall keep, or cause to be kept, the books and records of Holdings and the CrossCountry Entities at the principal place of business of Holdings. The books and records shall be maintained in accordance with generally accepted accounting principles and the requirements of the Federal Energy Regulatory Commission, as applicable, consistently applied. Such books and records shall reflect all transactions and be appropriate and adequate for conducting the business. Quarterly within 45 days after the end of each fiscal quarter of the Holdings and annually within 90 days after the end of each Fiscal Year of Holdings, Manager shall deliver or cause to be delivered to Holdings financial statements of Holdings and each subsidiary of Holdings that is then subject to the periodic reporting requirements of the Act (or that is required to file such reports pursuant to the Credit Facilities) as of the end of and for such period. Such financial statements shall comply with the requirements of the Act and the regulations thereunder or the requirements of the Credit Facilities, as applicable, and shall include a balance sheet and statements of income, Members' equity, status of and cash flows, shall be prepared in accordance with GAAP and, with respect to the annual financial statements, shall be accompanied by a report of the relevant entity's independent certified public accountants stating that their examination was made in accordance with generally accepted auditing standards and that in their opinion such financial statements fairly present the Enterprise's financial position, results of operations and cash flow in accordance with GAAP. Manager shall, on behalf of Holdings, in connection with the Credit Facilities, make such reports, submit such information and perform such additional duties as may be required of Holdings by the Credit Facilities, so long as such Credit Facilities are in effect.

1.02 Records. Manager shall keep or cause to be kept all books and records necessary to record any and all affairs of Holdings, the CrossCountry Entities and the Enterprise. Any such financial records shall be maintained in conformity with applicable law, GAAP and other record keeping practices customary to Manager and for the industry. Originals or copies of such books and records shall be maintained by Manager, and shall be open to inspection and examination by designated representatives and agents of the Members during the term of this Agreement at any reasonable time upon reasonable prior request. All materials and documents prepared or developed solely by or solely on behalf of Manager in connection with and necessary to the Enterprise, including without limitation, all manuals, data, designs, drawings, plans, specifications, reports and accounts, shall become the property of Holdings when prepared except to the extent such materials and documents are owned, co-owned, developed, licensed, created, shared, used, in whole or in part, by Manager or Manager's Affiliates (the "Excepted Documents"). With respect to the Excepted Documents, all such materials and documents, together with any materials and documents furnished by Holdings to Manager or to its employees, representatives, agents or contractors, shall be delivered or otherwise made available to Holdings under a perpetual royalty-free license.

1.03 Permits and Licenses. Manager shall take all necessary steps to operate the Enterprise consistent with the permits and licenses of Holdings and the CrossCountry Entities.

1.04 Tax Returns. Subject to the requirements of the LLC Agreement, Manager shall prepare or cause to be prepared at the cost and expense of Holdings all necessary federal, state and local tax returns, and file such returns in a timely manner. In addition, Manager shall at the cost and expense of Holdings engage a certified nationally recognized public accounting firm to review and sign any federal income tax return.

1.05 Cash and Temporary Investments. Manager shall have custody of the funds, notes, drafts, acceptances, commercial paper and other securities belonging to Holdings; keep the funds belonging to Holdings on deposit in one or more banking institutions designated by Holdings; invest available funds in certificates of deposit, banker's acceptances, commercial paper, Eurodollar certificates of deposit, repurchase agreements or United States Government or Agency securities; and disburse such funds. Excess funds may be loaned through short-term demand notes to each class of Member equally, subject to policies and procedures established by the Committee. Under no circumstances shall Manager commingle the funds of the Enterprise with the funds of Manager or any of its Affiliates.

1.06 Budgets.

(a) Budgets for 2006. The capital and operating budgets for 2006 have been approved by the Committee and shall remain in effect for the remainder of 2006.

(b) Budgets for 2007. It is the intent and expectation of the parties hereto that the transactions contemplated by the Redemption Agreement will close before the end of 2006 and that annual capital and operating budgets for Holdings for 2007 are unnecessary. If by December 1, 2006, such transaction has not closed and it appears in the good faith estimation of the parties that the transaction will not close by December 31, 2006, then the parties shall negotiate in good faith to establish a budget for January of 2007 and each succeeding month thereafter until the transaction contemplated under the Redemption Agreement is closed. In establishing the monthly budgets for Holdings, the parties shall utilize the Committee—approved budgets for 2006 as a starting point and shall make reasonable adjustments to reflect known and measurable changes as compared to the 2006 budget period. For example, but not by way of limitation, additional costs associated with the Transwestern Phoenix expansion project, Transwestern rate case, Florida Gas Transmission expansion projects and other changed circumstances whether or not of a similar nature, shall be reflected. If the parties, negotiating in good faith, are unable to reach agreement on such monthly budgets before December 31, 2006, the monthly budget for January, 2007, and for each succeeding month shall be that monthly budget approved by the Committee for the corresponding month of 2006, plus the costs actually incurred during January, 2007, and each succeeding month for the

Transwestern Phoenix Expansion Project, the Florida Gas Transmission Company, LLC, East Leg Expansion Project, and any project approved by the Committee and not reflected in the 2006 budget.

1.07 Inspection. Each Member of Holdings shall have the right, upon reasonable Notice, at all reasonable times during usual business hours to inspect the Enterprise and to examine and make copies of the books of account and other records as maintained by Manager relating to the operation of the Enterprise. Such right may be exercised through any agent or employee of such Member designated in writing by it or by an independent accountant or attorney so designated and such Party exercising such right shall use all reasonable care to carry out any such inspection in such a manner as to result in a minimal disruption of the business of Manager. The Party making the request shall bear all expenses incurred in any inspection or examination made at its behest.

1.08 Audit. Each Member owning at least 25% of the outstanding equity securities of Holdings may audit, at its own expense, during normal business hours after 15 days' Notice to Manager, (i) all books and records of Manager and Manager's Affiliates, relating solely to the operation of the Enterprise and (ii) all books and records maintained by Manager pursuant to Section 1.01 hereof. Such audits shall not be commenced more often than once each Fiscal Year. Notwithstanding anything herein to the contrary, in the event Manager is involved in a financial closing, equity offering, debt offering, re-financing or other financial reporting process that requires Manager's immediate attention, then Manager may delay such audit by an additional up to an additional 15 days upon Notice to the requesting Member. Each Member shall have two years after the close of a Fiscal Year in which to make an audit of such books and records for such Fiscal Year. Manager shall neither be required nor permitted to adjust any item unless a claim therefore is presented or adjustment is initiated within two years after the close of the Fiscal Year in which the statement therefore is rendered, and in the absence of such timely claims or adjustments, the bills and statements rendered shall be conclusively established as correct; *provided, however,* that this shall not prevent adjustment resulting from a physical inventory of the Enterprise property.

ARTICLE II
COSTS, EXPENSES AND EXPENDITURES

2.01 Direct Operating Costs Incurred by the Enterprise. All ordinary and necessary costs associated with the direct operation of the Enterprise shall be charged to and paid by Holdings. Such costs shall include, but not be limited to, direct operating expenses, repairs, maintenance, capital additions and replacements, retirements, abandonments and direct administration. Any costs or expenses incurred by Manager in rendering direct operating services to Affiliates or subsidiaries of Manager that are not related to the Enterprise shall be charged to and paid by such Affiliate or subsidiary.

2.02 Direct Operating Costs Incurred by Manager or its Affiliates or Agents. All ordinary and necessary costs associated with the direct operation of the Enterprise, but incurred by Manager or an Affiliate or agent of Manager on behalf of the Enterprise, shall be charged to and paid by Holdings, *provided, however,* that such operating costs are within the applicable budgeted amounts previously approved by the Committee. The ordinary and necessary costs associated with the direct operation of the Enterprise, but incurred by Manager or an Affiliate or agent of Manager on behalf of the Enterprise, shall include, but not be limited to, expenses related to the following functions:

1. Engineering
2. Financial and Accounting
3. Marketing and Gas Supply
4. Rates and Regulatory Affairs
5. Pipeline Enterprises Operations
6. Legal Counsel
7. Tax Administration
8. Insurance Administration
9. Human Resources and Payroll
10. Information Technology
11. Administration
12. Public Affairs
13. Purchasing
14. Gas Reserves Evaluation
15. Office Costs
16. Aviation
17. Governmental Affairs
18. Materials and Equipment
19. Environmental
20. Risk Management
21. Safety
22. Business Development

With respect to payroll costs, appropriate loads including benefits and payroll taxes will be included.

2.04 Indirect Operating Costs Incurred by Manager or its Affiliates or Agents. A prorated portion of the costs and corporate overhead expenses incurred by Manager or its Affiliates and agents in connection with the provision of the Shared Services but including without limitation the following: (i) compensation, including salaries, bonuses and other incentive based compensation; (ii) employee benefits and perquisites including health, retirement and other welfare benefits; (iii) accrued paid leave; (iv) severance payments (including payments due or payable to employees of Manager and its Affiliates that they no longer require as a result of plans and changes affecting or arising from the Enterprise); and (v) expenses attributable to the use of Manager's corporate and its Affiliate's offices, equipment and facilities in connection with the performance of its obligations hereunder shall be allocated by Manager to Holdings and shall be charged to and paid by Holdings, *provided*, *however*, that such operating costs are within the applicable budgeted amounts previously approved by the Committee. With respect to payroll costs, appropriate loads including benefits and payroll taxes will be included.

2.05 Bank Accounts. At Manager's request, Holdings shall establish one or more bank accounts in the name or names of Holdings, or any actual or trade name used in the business of the Enterprise, and shall allow or to the extent necessary provide Manager authority to sign checks as the agent for such account holder to pay obligations of Holdings and the CrossCountry Entities as contemplated by and in accordance with the terms of this Agreement. Holdings shall cause such accounts initially to include sufficient funds to pay its estimated financial obligations for at least 60 days, as reasonably estimated and requested by Manager, and assure sufficient balances thereafter as reasonably requested by Manager to permit timely payment of obligations of the Holdings and the CrossCountry Entities. Under no circumstances shall Manager commingle the funds of the Enterprise with the funds of Manager or any of its Affiliates.

2.06 Payments. Manager shall invoice Holdings on a monthly basis pursuant to Sections 2.03 and 2.04 of this Exhibit "A" for the direct and indirect operating costs incurred on behalf of the Enterprise during the preceding month. Holdings shall pay such amounts to Manager in cash within ten days of the date of receipt of Manager's invoice. To the extent Holdings in good faith disputes the amount payable in any statement or invoice provided by Manager, Holdings shall pay the undisputed portion of the invoice when due and provide Manager with reasonable and sufficient documentation identifying the basis of the dispute, including a detailed explanation of the reason for the dispute. If the dispute cannot be resolved in 60 days, then either Party may submit the dispute to the dispute resolution procedures set forth in 7.02 of the Agreement. Any past due payments shall bear interest at the rate of 1% per month.

Exhibit C

THIRD AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

CCE HOLDINGS, LLC

dated as of _____

THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
CCE HOLDINGS, LLC

This Third Amended and Restated Limited Liability Company Agreement of CCE Holdings, LLC, a Delaware limited liability company (the "Company"), is entered into as of this day of , 200 , by and between Energy Transfer Partners, L.P., a Delaware limited partnership, CCE Acquisition, LLC, a Delaware limited liability company, and CCEA Corp., a Delaware corporation.

W I T N E S S E T H:

WHEREAS, the Certificate of Formation of the Company was filed with the Secretary of State of Delaware on May 14, 2004, in accordance with the Delaware Limited Liability Company Act;

WHEREAS, the parties hereto are the sole members of the Company; and

WHEREAS, the parties hereto desire to amend and restate the limited liability company agreement of the Company as set forth herein in order to provide for the manner in which the Company shall be governed and operated subsequent to the date hereof; and

NOW, THEREFORE, in consideration of the premises hereof, and of the mutual covenants and agreements contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Defined Terms. The following terms have the meanings hereinafter indicated whenever used in this Agreement with initial capital letters:

"Accepting Member" shall have the meaning specified in Section 5.1(b)(i).

"Act" shall mean the Delaware Limited Liability Company Act, at Del. Code Ann., Title 6, Section 18-101, et seq., as amended.

["Administrative Services Agreement" shall mean the Second Amended and Restated Administrative Services Agreement substantially in the form of Exhibit C[1] or in such other form as shall be approved by the Executive Committee.]

["Administrative Services Provider" shall mean the Person that from time to time shall be a party to the Administrative Services Agreement with the Company.]

[1] Prior to the execution of this Third Amended and Restated LLC Agreement, the parties will need to mutually agree on the need for, or appropriate amendments to, the Administrative Services Agreement. Transition Services Agreement will also be discussed.

"Affiliate" shall mean, with respect to a Person, another Person that directly or indirectly controls, is controlled by or is under common control with such first Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to vote a majority of the securities having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Amended and Restated Limited Liability Company Agreement, including all exhibits and schedules attached hereto, as amended, modified or otherwise supplemented, from time to time.

"Asset Value" shall mean, with respect to any asset of the Company (other than cash), the adjusted basis of such asset as of the relevant date for federal income tax purposes, except as follows:

(a) the initial Asset Value of any asset (other than cash) contributed by a Member to the Company shall be the fair market value of such asset (as determined by the Members) at the time of contribution;

(b) the Asset Values of all Company assets (including intangible assets such as goodwill) shall be adjusted to equal their respective fair market values as of the following times:

(i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for a Capital Contribution;

(ii) the distribution by the Company to a Member of an amount of money or Company property as consideration for an interest in the Company; or

(iii) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(c) the Asset Value of any Company asset distributed in kind to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution, as determined by the Members;

(d) the Asset Values of any Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided that Asset Values shall not be adjusted pursuant to Code Section 743(b) to the extent that the Members make a corresponding adjustment under subparagraph (b)(ii); and

(e) if the Asset Value of an asset has been determined or adjusted pursuant to subsection (a), (b) or (d) above, such Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses and other items allocated pursuant to Article VII.

The foregoing definition of "Asset Value" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"Bankruptcy Event" shall be deemed to occur with respect to any Person if (a) such Person shall institute a voluntary case seeking liquidation or reorganization under Bankruptcy Law, or shall consent to the institution of an involuntary case thereunder against it; (b) such Person shall file a petition or consent or shall otherwise institute any similar proceeding under any other applicable Federal or state law, or shall consent thereto; (c) such Person shall apply for, or by consent there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers for itself or any substantial part of its assets; (d) such Person shall make an assignment for the benefit of its creditors; (e) such Person shall admit in writing its inability to pay its debts generally as they become due; (f) an involuntary case shall be commenced seeking liquidation or reorganization of such Person under Bankruptcy Law or any similar proceedings shall be commenced against such Person under any other applicable Federal or state law and (i) the petition commencing the involuntary case is not dismissed within 60 days of its filing, (ii) an interim trustee is appointed to take possession of all or a portion of the property, and/or to operate all or any part of the business of such Person and such appointment is not vacated within 60 days, or (iii) an order for relief shall have been issued or entered therein; (g) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee or other officer having similar powers of such Person or all or a part of its property shall have been entered; or (h) any other similar relief shall be granted against such Person under any applicable Federal or state law.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Business Day" shall mean any day that is neither a Saturday nor a Sunday nor a legal holiday on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in the States of New York or Texas.

"Capital Contribution" shall mean the total amount of money and the net fair market value of property (as determined by the Executive Committee) contributed by each Member to the Company pursuant to this Agreement.

"Cash Flow" shall mean, with respect to any period, all cash received by the Company (other than from the liquidation of any assets pursuant to Article X) plus all cash withdrawn from reserves (as determined to be appropriate by the Executive Committee or, if the Executive Committee does not approve the amount of such reserves, no withdrawal from reserves will be made for such period), less (a) all operating expenses of the Company (**[including amounts payable under the Administrative Services Agreement but]** excluding capital expenditures), (b) any amounts withheld by the Company in accordance with Section 6.2, (c) additions to reserves made during such period (as determined to be appropriate by the Executive Committee or, if the Executive Committee does not approve the amount of such reserves, no addition to reserves will be made for such period) and (d) all payments of interest and scheduled principal in respect of Indebtedness of the Company.

"CCE" shall mean CCE Acquisition, LLC, a Delaware limited liability company, and any of its Affiliates that are Members.

"Certificate" shall mean the Certificate of Formation of the Company.

"Citrus Corp." shall mean Citrus Corp., a Delaware corporation.

"Class A Capital Account" shall mean, with respect to any Member (and without duplication), the Capital Account maintained for such Member in accordance with the following provisions:

(a) From time to time, the Capital Account of each Member shall be increased by (i) the amount of any cash contributed by the Member to the Company, (ii) the Asset Value (as determined by the Members) of any property contributed by the Member to the Company (net of liabilities that the Company is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), and (iii) allocations to the Member of Profit (or items thereof) and other income and gain pursuant to Section 7.1, including income and gain exempt from tax, and income and gain described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items of income and gain described in Regulations Section 1.704-1(b)(4)(i).

(b) The Capital Account of each Member shall be decreased by (i) the amount of any cash distributed to such Member, (ii) the Asset Value (as determined by the Members) of any property distributed to such Member (net of any liabilities that such Member is deemed to have assumed or taken subject to, under and pursuant to Section 752 of the Code), (iii) allocations to the Member of expenditures described in Section 705(a)(2)(B) of the Code, and (iv) allocations to the Member of Loss (or items thereof) and other loss and deductions pursuant to Section 7.1, including loss and deduction described in Regulations Section 1.704-1(b)(2)(iv)(g), but excluding items described in clause (iii) above, tax items of loss and deduction described in Regulations Section 1.704-1(b)(4)(i), and items of deduction described in Regulations Section 1.704-1(b)(4)(iii).

(c) A single Capital Account shall be maintained for each Member, which Capital Account shall reflect all allocations, distributions, or other adjustments required by this definition with respect to the Membership Interest owned by such Member.

(d) Upon any transfer of all or part of a Membership Interest as permitted by this Agreement, the Capital Account (or portion thereof) of the transferor that is attributable to the transferred interest (or portion thereof) shall carry over to the transferee as prescribed by Regulations Section 1.704-1(b)(2)(iv)(l).

(e) Notwithstanding anything to the contrary in this definition, it is the intention of the Members that the Capital Accounts of the Members be maintained strictly in accordance with the capital account maintenance requirements of Regulations Section 1.704-1(b)(2)(iv), and that such Capital Accounts be adjusted to the extent required by the provisions of such Regulations or any successor provisions thereto.

"Class A Executive Committee Member" shall have the meaning specified in Section 4.1(c).

"Class A Member" shall mean each Person listed on Exhibit A hereto and indicated as such, its respective permitted successors and assigns, and any other Person that is hereafter admitted as a Class A Member pursuant to Article VIII.

"Class A Membership Interest" shall mean a Class A Member's entire interest in the Company including such Class A Member's right to share in the Profits and Losses and distributions of the Company, and the Class A Member's right to vote or consent to, or otherwise participate in, any decision or action of or by the Class A Members granted pursuant to this Agreement or the Act.

"Class A Percentage Interest" shall mean a Class A Member's proportionate interest, expressed as a percentage, in the residual Profits, Losses, and distributions of the Company to which the Class A Members are entitled. The Class A Percentage Interests of the Class A Members are set forth on Exhibit A.

"Class A Prohibited Transferee" shall mean any Persons designated on Exhibit B as a Class A Prohibited Transferee and any Affiliate or successor thereof.

"Class B Executive Committee Member" shall have the meaning specified in Section 4.1(c).

"Class B Member" shall mean each Person listed on Exhibit A hereto and indicated as such, its respective permitted successors and assigns, and any other Person that is hereafter admitted as a Class B Member pursuant to Article VIII.

"Class B Membership Interest" shall mean a Class B Member's entire interest in the Company including such Class B Member's right to share in the Profits and Losses and distributions of the Company, and the Class B Member's right to vote or consent to, or otherwise participate in, any decision or action of or by the Class B Members granted pursuant to this Agreement or the Act.

"Class B Prohibited Transferee" shall mean any Persons designated on Exhibit B as a Class B Prohibited Transferee and any Affiliate or successor thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statutory provisions.

"Company" shall have the meaning assigned thereto in the preamble to this Agreement.

"Company Subsidiaries" shall mean CrossCountry, CrossCountry Alaska, LLC, CrossCountry Energy Services, LLC, Transwestern Holding Company, LLC, Transwestern and CrossCountry Citrus; provided, however, that none of the foregoing shall be considered a "Company Subsidiary" at such time as the Company shall have disposed of its ownership interests therein.

"Contribution Offer Expiration Date" shall have the meaning specified in Section 5.1(b)(i).

"Contribution Offer Notice" shall have the meaning specified in Section 5.1(b)(i).

"CrossCountry" shall mean CrossCountry Energy, LLC, a Delaware limited liability company.

"CrossCountry Citrus" shall mean CrossCountry Citrus, LLC, a Delaware limited liability company.

"Credit Facilities" shall mean such loan agreements and instruments to which the Company or any Company Subsidiary shall be a party from time to time.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated there under.

"ETP" shall mean Energy Transfer Partners, L.P., a Delaware limited partnership, and any of its Affiliates that are Members.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Executive Committee" shall have the meaning specified in Section 4.1(a).

"Executive Committee Members" shall have the meaning specified in Section 4.1(a).

"Fiscal Year" shall mean the taxable year of the Company, which initially shall be the calendar year.

"GAAP" shall mean United States generally accepted accounting principles consistently applied.

"Governmental Authority" shall mean any court, tribunal, agency, commission, official or other instrumentality of the United States or any state or political subdivision thereof.

"Indebtedness" shall mean, with respect to any Person, (A) all obligations for borrowed money of the such Person, (B) all obligations for the deferred purchase or acquisition price of property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 90 days of the date the respective goods are delivered or the respective services are rendered, (C) the capitalized amount (determined in accordance with GAAP) of all obligations such Person is required to pay or other amounts under any 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, (D) all obligations for borrowed money secured by any lien upon or in any property owed by such Person whether or not such Person has assumed or become liable for the payment of such obligations for borrowed money and (E) all obligations of the type described in any of clauses (A) through (D) above which are guaranteed, directly or indirectly, or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted with recourse by such Person.

"Liquidating Trustee" shall have the meaning specified in the Act.

"Managing Member" shall mean the Member designated pursuant to Section 4.3.

"Material Regulatory Filing" shall mean any filing with any Governmental Authority which, if determined adversely to the Company, would have a material adverse effect on the business, assets or financial condition of the Company.

"Members" shall mean each of the Persons set forth on Exhibit A and any other Person that hereafter is admitted as a Member pursuant to Article VIII.

"Membership Interest" and "Membership Interests" shall mean, individually the Class A Membership Interest or the Class B Membership Interest and, collectively, the Class A Membership Interests and the Class B Membership Interests, as the context requires.

"Person" shall mean any individual, partnership, limited liability company, corporation, trust or other entity.

"Profits" and "Losses" shall mean, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such Fiscal Year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Asset Value of any Company asset is adjusted pursuant to clause (b) or clause (c) of the definition thereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses;

(d) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Asset Value;

(e) In lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period; and

(f) To the extent an adjustment to any adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Membership Interest in the Company, the amount of the adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the assets) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses.

"Rate Filing" shall mean any application, notice or other submission filed with or otherwise delivered to any Governmental Authority relating to the establishment of, or modification or supplement to, the rates, tariffs or charges for services or commodities provided by any Company Subsidiary; provided, however, that "Rate Filing" shall not include any of the foregoing unless the intended or expected effect thereof is (i) to increase the revenues of the applicable Company Subsidiary by more than 10% per annum, (ii) to increase or decrease the rates chargeable for transportation of natural gas through the applicable Company Subsidiary's pipeline facilities by more than 10%, (iii) the offering by the applicable Company Subsidiary of a new service or (iv) the expansion or addition of capacity of, or the increase in the pressure of, the applicable Company Subsidiary's pipeline facilities.

"Redemption Agreement" shall mean the Redemption Agreement, dated as of September , 2006, between the Company and ETP.

"Regulations" shall mean any and all temporary and final regulations promulgated under the Code, as amended from time to time (including corresponding provisions of succeeding regulations).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"SUG" shall mean Southern Union Company, a Delaware corporation.

"Tax Matters Member" shall mean the Member designated to serve as such pursuant to Section 7.5.

"Third Party Purchaser" shall mean any Person (other than a Member or an Affiliate of a Member) that has expressed an interest to purchase any of the Class A Membership Interests or Class B Membership Interests.

"Third Party Purchaser Notice" shall have the meaning specified in Section 8.2.

"Transfer" shall mean any, direct or indirect, sale, assignment, gift, hypothecation, pledge or other disposition, whether voluntary or by operation of law (including through the state law conversion of the legal status of a Member), of a Membership Interest or any portion thereof including as a result of a sale or transfer of the equity interests in a Member or its direct or indirect parent, but the term "Transfer" shall not include any sale or transfer of equity interests in ETP or SUG.

"Transferee" shall mean any Person that receives a Membership Interest as the result of a Transfer from a Transferring Member.

"Transferring Member" shall have the meaning specified in Section 8.2.

"Transwestern" shall mean Transwestern Pipeline Company, LLC.

1.2 Interpretative Matters. In this Agreement, unless otherwise specified or where the context otherwise requires:

(a) the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;

(b) the singular shall include the plural and the plural shall include the singular wherever appropriate;

(c) words importing any gender shall include other genders;

(d) the words "include," "includes" or "including" shall be deemed to be followed by the words "without limitation";

(e) the words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;

(f) references to "Sections", "Articles", "Exhibits" and "Appendices" shall be to Sections, Articles, Exhibits and Appendices of or to this Agreement;

(g) references to any Person include the successors and permitted assigns of such Person;

(h) the use of the words "or," "either" and "any" shall not be exclusive;

(i) wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict;

(j) references to any agreement or contract, unless otherwise stated, are to such agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and

(k) the parties hereto have participated jointly in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, this Agreement 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 hereto by virtue of the authorship of any provisions of this Agreement.

ARTICLE II.
ORGANIZATIONAL MATTERS

2.1 Formation. The Company has been formed and exists for the limited purposes described herein and shall be governed by and operated in accordance with the Act. The Members shall execute and the Managing Member shall make, or cause to be made, all filings required by the Act or other applicable law with respect to the formation and operation of the Company.

2.2 Name. The name of the Company is CCE Holdings, LLC.

2.3 Principal Place of Business. The principal place of business of the Company shall be located at 5444 Westheimer Road, Houston, TX 77056. The Members may change the principal place of business of the Company at any time and from time to time.

2.4 Registered Office and Agent. The registered office of the Company shall be located at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 and the registered agent for the Company at such office shall be The Corporation Trust Company. The Executive Committee may change the registered office of the Company or the registered agent for the Company at any time, and from time to time.

2.5 Term. The term of the Company shall commence upon the filing of the Certificate and shall continue until dissolved in accordance with Article X or the Act.

ARTICLE III.
BUSINESS OF THE COMPANY[2]

3.1 Purpose. The business of the Company shall be to, directly and indirectly, own and manage ownership interests in the Company Subsidiaries, and their respective assets, and to engage in any business necessary or incidental thereto.

ARTICLE IV.
MANAGEMENT OF COMPANY

4.1 Executive Committee.

(a) Establishment. There is hereby established a committee of Member representatives (the "Executive Committee") comprised of natural Persons (the "Executive Committee Members") having the authority and duties set forth in this Agreement. Any decisions to be made by the Executive Committee shall require the unanimous approval of the Executive Committee Members; provided, however, that in the case of any action or decision by the Executive Committee relating to (i) the commencement of any legal or arbitration

[2] The parties will need to discuss whether certain employees shared by TPC and other businesses of SUG and CCE should be moved into TPC.

proceedings against a Member or an Affiliate thereof, (ii) entering into any transaction with a Member or any of its Affiliates of the type referred to in Section 4.2(g) or (iii) the enforcement or waiver of any rights of the Company under any material agreement with a Member or any of its Affiliates, the Executive Committee Members appointed by the Class of Membership Interests held by such Member (and respecting which such Member is entitled to exercise voting rights as provided in Section 4.2(a)(ii) and Section 4.2(a) (iii)) shall not participate in any decisions by the Executive Committee in respect of such matters and such Executive Committee Members shall be disregard for purposes of this Section 4.1(a) and Section 4.2(d)(iv) to the extent of any Executive Committee meetings or decisions relating to any such matters. Absent authority granted by the Executive Committee, no Member or Executive Committee Member shall have the power to act for or on behalf of, or to bind, the Company. At each meeting of the Executive Committee, the Executive Committee shall designate a person to preside over such meeting.

(b) Powers. The business and affairs of the Company shall be managed by or under the direction of the Executive Committee, except as otherwise expressly provided in this Agreement. The Executive Committee shall have the power on behalf and in the name of the Company to carry out any and all of the objectives and purposes of the Company contemplated by Section 3.1 and to perform all acts that the Executive Committee may deem necessary or advisable in connection therewith.

(c) Composition of the Executive Committee and Appointment of Executive Committee Members. The Executive Committee shall consist of four members, two of whom shall be appointed by the Class A Members (the "Class A Executive Committee Members"), and two of whom shall be appointed by the Class B Members (the "Class B Executive Committee Members"). In addition, the Class A Members and the Class B Members may appoint one or more alternates for the Class A Executive Committee Members and the Class B Executive Committee Members, respectively, and each such alternate shall have all of the powers of a Executive Committee Member in such Executive Committee Member's absence or inability to serve. The Class A Members shall have the power to remove any Class A Executive Committee Member, and the Class B Members shall have the power to remove any Class B Executive Committee Member. Any vacancy on the Executive Committee shall be filled by the Class A Members if the vacancy shall be in respect of a Class A Executive Committee Member, or by the Class B Members if the vacancy shall be in respect of a Class B Executive Committee Member. The Class A Members shall notify the Class B Members, and the Class B Members shall notify the Class A Members, of their respective appointments or removals of Executive Committee Members as provided in this Section 4.1(c). In addition to the Executive Committee Members, the Class A Members and the Class B Members shall each be entitled to appoint one individual who shall be entitled to attend each meeting of the Executive Committee and receive all notices and other information provided to the Executive Committee Members, but no such observer shall be entitled to any other rights or privileges granted to the Executive Committee Members hereunder or pursuant hereto. The Class A Members and the Class B Members shall be entitled to remove and replace their respective Executive Committee observers from time to time. The Class A Members shall notify the Class B Members, and the Class B Members shall notify the Class A Members, of their respective appointments or removals of their Executive Committee observers as provided in this Section 4.1(c).

(d) Meetings of the Executive Committee. Regular meetings of the Executive Committee shall be held at least four times in each Fiscal Year and may be held at such place, within or without the State of Delaware, as shall from time to time be determined by unanimous consent of the Executive Committee. Special meetings of the Executive Committee may be called by or at the request of any Executive Committee Member. Notice of each such regular or special meeting shall be mailed to each Executive Committee Member, addressed to such Executive Committee Member at his or her residence or usual place of business, at least five days before the date on which the meeting is to be held, or shall be sent to such Executive Committee Member at such place by personal delivery, telephone, electronic mail or telecopier, not later than five days (or, in the case of meetings held by telephone, one day) before the day on which such meeting is to be held. Each such notice shall state the time and place of the meeting and, as may be required, the purposes thereof.

(i) Any Executive Committee Member who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such Executive Committee Member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the Managing Member of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to any Executive Committee Member who voted in favor of such action.

(ii) Executive Committee Members may participate in and act at any meeting of the Executive Committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this Section 4.1(d) shall constitute presence in person at the meeting.

(iii) Unless otherwise restricted by this Agreement or the Act, any action required or permitted to be taken at any meeting of the Executive Committee may be taken without a meeting if all the Executive Committee Members consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Executive Committee.

(iv) At each meeting of the Executive Committee, the presence of at least one Class A Executive Committee Member and each Class B Executive Committee Member shall constitute a quorum and be required for the transaction of business, subject to the provisions of Section 4.1(a) in respect of decisions to be made by the Executive Committee.

(e) Compensation of Executive Committee Members. Executive Committee Members shall not receive any compensation from the Company for their services but may be reimbursed for any expenses related to attendance at each meeting of the Executive Committee.

4.2 Actions Requiring Executive Committee Approval The following actions by the Company shall require the approval of the Executive Committee:

(a) commencing, or any other material action with respect to, a Bankruptcy Event of the Company or of any Company Subsidiaries;

(b) transferring any assets of the Company to satisfy any liabilities of any of the Members or their respective Affiliates (or any trade or business, whether or not incorporated, that is treated as a single employer together with such Member or its Affiliates (under section 414 of the Code or section 4001(b) of ERISA)) arising from ERISA;

(c) selling, exchanging, licensing as licensor, leasing as lessor, or disposing of any assets of the Company in excess of $30 million;

(d) engaging in, or acquiring any material assets related to, any business other than the business historically conducted by CrossCountry with a value in excess of $30 million, other than assets sold or exchanged in the ordinary course;

(e) redeeming any ownership interest in the Company;

(f) making any non-pro rata distribution of cash, income, assets or rights to any Member, except to the extent permitted under this Agreement, and making any other distribution not expressly permitted by Article VI hereof (other than the distribution contemplated by Section 5.1(c) of the Redemption Agreement);

(g) entering into any material transactions (including purchases, sales or leases of assets) by the Company with or for the benefit of a Member or an Affiliate thereof;

(h) incurring or assuming any Indebtedness by the Company in excess of $50 million in the aggregate, excluding the Indebtedness incurred prior to the date hereof in connection with the acquisition of the Company Subsidiaries by the Company;

(i) any repayment (other than (i) repayments in accordance with scheduled maturity or which are otherwise mandatory pursuant to the terms of any document to which the Company is a party and (ii) paydowns on any revolving credit facility), voluntary prepayment or redemption of, or any refinancing or other modification of the terms of, any indebtedness pertaining to the Company;

(j) initiating any material legal proceedings or arbitration on behalf of the Company, or agreeing to the settlement of any claim by or against the Company with respect to claims in excess of $3 million, or which includes requests for any material injunction, specific performance or other equitable relief;

(k) entering into any confession of a judgment in excess of $3 million against the Company;

(l) adopting each annual budget for the Company, and any amendment or other modification to any such budget; provided, that if the Executive Committee is unable to agree on the annual budget for any year for the Company, the Company shall adopt an annual budget equal to the annual budget in effect in the immediately preceding year;

(m) the making of any Rate Filing or any Material Regulatory Filing with any Governmental Authority by the Company, except to the extent such filing is required to be made by applicable law;

(n) implementing any material change in accounting policies or practices in respect of the Company, in each case except to the extent that such change is required to be made by GAAP or applicable law, or terminating the engagement of the Company's principal independent auditors; and

(o) the entry into any new line of business by the Company.

4.3 Management of the Company.

(a) Managing Member. Day-to-day management of the Company in accordance with the polices established, and direction given, by the Executive Committee from time to time, and subject to the limitations provided elsewhere in this Agreement, shall be the responsibility of a managing Member (the "Managing Member"). In addition, the Managing Member shall provide to any Executive Committee Member such additional information as such Executive Committee Member may reasonably request from time to time to the extent that (i) such requested information relates to the operation of the Company or any Company Subsidiary and (ii) the Managing Member has such information or can acquire it without unreasonable effort. Subject to the next following sentence, the Managing Member shall be CCE. If at any time (x) CCE and its Affiliates shall cease to hold at least 80% of the Class A Membership Interests, or (y) CCE or any of its Affiliates that is a Member shall breach in any material respect any of its obligations under this Agreement, Members holding not less than a majority of the Class B Membership Interests (taking into the account the provisions of Section 4.4(a)(iii)) shall have the right (but not the obligation) to designate a replacement Managing Member by written notice to CCE, which replacement shall be effective immediately or at such other time as shall be specified in such written notice to CCE. In the case of any such replacement, CCE shall cooperate fully in the transition to such new Managing Member.

(b) **[Administrative Services Agreement. Simultaneously with the execution of this Agreement, the Company shall enter into the Administrative Services Agreement with the Administrative Services Provider. Subject to the next following sentence, the Administrative Services Provider shall be an Affiliate of CCE that is designated by CCE and is qualified to perform the duties required of it under the Administrative Services Agreement. Members holding not less than a majority of the Class B Membership Interests shall have the right (but not the obligation) to designate a replacement Administrative Services Provider (that may be an Affiliate of ETP) by written notice to CCE and the then current Administrative Services Provider, which replacement shall be effective immediately or at such other time as shall be specified in such written notice to CCE and the Administrative Services Provider, (i) upon the Administrative Service Provider's material breach of its obligations under the Administrative Services Agreement, and the Administrative Service Provider's failure to cure such breach within**

60 days following the Administrative Service Provider's receipt of written notice from the Company setting forth in reasonable detail the relevant conduct or failure, (ii) upon any of the representations and warranties of the Administrative Service Provider contained in the Administrative Services Agreement proving to be materially false, incomplete or misleading, and not reasonably subject to cure in a manner that will result in no material harm to the Company, (iii) upon the Administrative Service Provider committing a material violation of any law applicable to Company or any Company Subsidiary, (iv) if SUG, or its Affiliates, cease to own beneficially at least a majority of the Class A Membership Interests or (v) in the event of a failure by the Company or any Company Subsidiary to pay principal or interest as and when due under any credit facility (subject to applicable grace periods). It is expressly understood and agreed that the foregoing provisions shall be in addition to, and shall not otherwise limit, any other remedies that may be available to the Company or any other Member (other than CCE or any of its Affiliates) upon any breach of the Administrative Services Agreement by the Administrative Services Provider, CCE or any of its Affiliates. In the case of any such replacement, CCE shall cause its Affiliate Administrative Services Provider to cooperate fully in the transition to such new Administrative Services Provider.]

(c) Transwestern Matters. Immediately following the execution of this Agreement, the Class A Members and the Class B Member shall take all action necessary to cause (i) TW Holdings, as the sole member of TPC, to authorize the board of managers of TPC to have full authority to manage Transwestern's business and affairs, (ii) TW Holdings, as the sole member of Transwestern, to appoint three persons to the board of managers of Transwestern that are designated by the Class B Member from time to time, (iii) TW Holdings to take no action to remove such persons from such board of managers, (iv) TW Holdings to take no action to increase the size of the board of managers of Transwestern and (v) TW Holdings to take no action to amend or restate Transwestern's limited liability agreement, with the objective of these provisions being to enable the Class B Member to (x) make all material decisions involving, or otherwise relating to, Transwestern, including decisions with respect to commercial, financial, regulatory, operational and other general policy matters involving, or otherwise relating to, Transwestern and (y) require management personnel of Transwestern to report to the board of managers of Transwestern. **[The final version of this Agreement shall contain a provision whereby the Class B Members indemnify the Class A Members against third party claims against the Class A Members resulting from their ownership in TPC.]**

(d) Citrus Matters. Immediately following the execution of this Agreement, the Class A Members and the Class B Member shall take all action necessary to cause (i) CrossCountry, as the sole member of CrossCountry Citrus, to authorize the board of managers of CrossCountry Citrus to have full authority to manage CrossCountry Citrus' business and affairs, (ii) CrossCountry, as the sole member of CrossCountry Citrus, to appoint three persons to the board of managers of CrossCountry Citrus that are designated by the Class A Members from time to time, (iii) CrossCountry to take no action to remove such persons from such board of managers, (iv) CrossCountry to take no action to increase the size of the board of managers of CrossCountry Citrus and (v) CrossCountry to take no action to amend or restate the CrossCountry Citrus limited liability agreement, with the objective of these provisions being to enable the Class A Members to (x) make all material decisions involving, or otherwise relating to, CrossCountry Citrus and Citrus Corp. and its Subsidiaries, including decisions with respect to

commercial, financial, regulatory, operational and other general policy matters involving, or otherwise relating to, such entities and (y) require management personnel of CrossCountry Citrus to report to the board of managers of CrossCountry. **[The final version of this Agreement shall contain a provision whereby the Class A Members indemnify the Class B Members against third party claims against the Class B Members resulting from their ownership of Citrus Corp.]**

4.4 Member Rights and Obligations.

(a) Voting Rights. Except as provided in this Agreement or as otherwise required by applicable law;

(i) the Class A Members and the Class B Members shall vote together without distinction as to class, and any action requiring the approval of the Members shall require the affirmative vote of the Class A Members and Class B Members holding a majority of the Class A Membership Interests and the Class B Membership Interests;

(ii) all actions requiring the approval of the Class A Members, and unless expressly provided otherwise, all other actions to be taken by the Class A Members (including, without limitation, any direction to be given to the Executive Committee Members appointed by the Class A Members), shall require the affirmative vote of Members holding a majority of the Class A Membership Interests; provided, however, that in the case of any vote by the Class A Members, whether pursuant to this Section or any other provision of this Agreement, ETP and any of its Affiliates holding any Class A Membership Interests shall not be entitled to participate in such vote and the Class A Membership Interests held by them shall be disregarded for all purposes of such vote; and

(iii) all actions requiring the approval of the Class B Members, and unless expressly provided otherwise, all other actions to be taken by the Class B Members (including, without limitation, any direction to be given to the Executive Committee Members appointed by the Class B Members), shall require the affirmative vote of Members holding a majority of the Class B Membership Interests; provided, however, that in the case of any vote by the Class B Members, whether pursuant to this Section or any other provision of this Agreement, CCE and any of its Affiliates holding any Class B Membership Interests shall not be entitled to participate in such vote and the Class B Membership Interests held by them shall be disregarded for all purposes of such vote.

(b) Actions Requiring Unanimous Approval of Members. The following actions by the Company shall require the unanimous approval of all of the Members:

(i) amending the Certificate or this Agreement;

(ii) requiring any Member to contribute additional capital; and

(iii) issuing any Membership Interests or other equity securities of the Company to any Member.

(c) Actions Requiring Approval of Two-Thirds of Class A Members and Class B Members. The following actions by the Company shall require the approval of Members holding at least two-thirds of the Class A Membership Interests and Members holding at least two-thirds of the Class B Membership Interests:

(i) dissolving, terminating or liquidating the Company or any Company Subsidiary;

(ii) selling all or substantially all of the assets of the Company or any Company Subsidiary; and

(iii) merging, consolidating or changing the form of entity of the Company or any Company Subsidiary, whether or not involving a change of control.

(d) Members' Meetings. Meetings of the Members may be called from time to time by the affirmative vote of the Executive Committee Members or upon written request of any Member having an Aggregate Percentage of not less than 20% delivered to any member of the Executive Committee. If action is to be taken at a duly called meeting of the Members, notice of the time, date and place of meeting shall be given by the Managing Member, at the direction of the Executive Committee, to each other Member by personal delivery, telephone, electronic mail or telecopier sent to the address of each Member set forth on Exhibit A at least five business days in advance of the meeting; provided, however, that no notice need be given to a Member who waives notice before or after the meeting or who attends the meeting without protesting at or before its commencement the inadequacy of notice to such Member. The Members may attend a meeting in person or by proxy. Meetings of the Members shall be held at the Company's principal place of business during normal business hours, or at such other place and time as unanimously agreed by the Members; provided, however, that the Members may participate in and act at any meeting of the Members through the use of a conference telephone or other communications equipment by means of which all individuals participating in the meeting can hear each other, and such participation in the meeting shall constitute presence in person at the meeting. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if one or more written consents to such action shall be signed by Members whose affirmative vote at a meeting would be sufficient to approve such action. Such written consents shall be delivered to the principal office of the Company and, unless otherwise specified, shall be effective on the date when the first consent is delivered.

(e) Limitation of Authority. Except in accordance with the provisions of this Agreement, no Member shall have any right or authority to act for or bind the Company.

4.5 Limitation of Liability. No Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director, manager or shareholder of any of the foregoing shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for (i) any act performed in good faith within the scope of the authority conferred by this Agreement, (ii) any failure or refusal to perform any acts except those required by the terms of this Agreement or (iii) any performance or omission to perform any acts in reliance in good faith on the advice of independent accountants or legal counsel for the Company.

4.6 Indemnification. In any threatened, pending or completed action, suit or proceeding to which a Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director, manager or shareholder of any of the foregoing was or is a party or is threatened to be made a party by reason of the fact that such Person is or was acting on behalf of the Company (other than an action by or in the right of the Company), the Company shall indemnify such Member, Managing Member, Executive Committee Member or any Affiliate, agent, officer, partner, employee, member, representative, director or shareholder of any of the foregoing against expenses, including attorneys' fees, judgments and amounts paid in settlement actually and reasonably incurred by such Person in connection with such action, suit or proceeding to the maximum extent permitted by applicable law, provided that such Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and that the conduct giving rise to the liability for which indemnification is sought does not constitute fraud, gross negligence or gross misconduct.

ARTICLE V.
CONTRIBUTIONS

5.1 Capital Contribution.[3] Unless unanimously agreed to by the Members in writing, no Member shall be required to make additional Capital Contributions to the Company. In addition, no Member shall be allowed to make additional Capital Contributions to the Company without the approval of CCE (but only so long as it shall be a Member) and of ETP (but only so long as it shall be a Member).

5.2 No Right to Interest or Return of Capital. Except as set forth herein, no Member shall be entitled to any return of, or interest on, Capital Contributions to the Company. No Member shall have any liability for the return of the Capital Contribution of any other Member and each Member shall look only to the assets of the Company for return of its Capital Contribution.

5.3 No Third Party Rights. The obligations or rights of the Company or the Members to make any Capital Contribution under this Article V shall not grant any rights to or confer any benefits upon any Person who is not a Member.

ARTICLE VI.
DISTRIBUTIONS

6.1 Cash Flow.[4] Subject to Section 11.2, the Company shall distribute all Cash Flow attributable to Transwestern for a calendar quarter to the Class B Member and all remaining Cash Flow of the Company for such calendar quarter to the Class A Members in proportion to

[3] Prior to the execution of this Third Amended and Restated LLC Agreement, the parties shall negotiate in good faith appropriate provisions to facilitate necessary capital contributions by the Class A Members to CrossCountry Citrus, LLC and by the Class B Member to TPC, in each case without any adjustment to the provisions of Article VI or Article VII.

[4] Need to provide for a true-up for cash flow subsequent to the last quarterly distribution made prior to the execution of this Agreement.

their Class A Percentage Interests, with each such distribution to be made no later than the date that is 45 days after the end of such quarter, and at such other times as shall be determined by the affirmative vote of the Executive Committee to each Class A Member and Class B Member. Distributions to each Member shall be sent via wire transfer to such account identified by such respective Member in writing to the Managing Member from time to time.

6.2 Amounts Withheld for Taxes. Notwithstanding any provision of this Agreement to the contrary, if the Company is required to pay, with respect to or on behalf of any Member or any other Person, any amount required to be withheld by the Company in respect of taxes based on or measured by income under federal, state, or local law or any estimated tax or similar amount, such Member or other Person shall, upon demand of the Company, promptly reimburse the Company for such amount. To the extent that such Member or other Person has not so reimbursed the Company, any and all amounts so paid by the Company may be withheld from and offset against distributions to such Member or other Person and shall be considered for all purposes of this Agreement to have been distributed to such Member or other Person pursuant to this Article VI.

ARTICLE VII.
ALLOCATIONS

7.1 Allocations. Profits and Losses for any Fiscal Year shall be allocated as follows:

(a) All Profits and Losses attributable to Transwestern shall be allocated to the Class B Member; and

(b) All Profits and Losses (other than Profits and Losses attributable to Transwestern) shall be allocated to the Class A Members.

7.2 Tax Treatment of Transwestern. The Members agree that, for U.S. federal income tax purposes, they will treat the Class B Member as directly owning all of the assets and liabilities of Transwestern. The Members agree to file all U.S. federal income tax returns consistent with this Section 7.2.

7.3 Section 754 Election. In the event of a Transfer of a Membership Interest permitted under this Agreement, the Company shall, at the request of the transferee Member, file an election under Section 754 of the Code to adjust the basis of the assets of the Company in accordance with the provisions of Section 743 of the Code. Any costs associated with such election (such as accounting fees) shall be borne by the transferee Member.

7.4 Tax Matters Member.

(a) For purposes of Code Sections 6221 through 6223, the Managing Member from time to time shall also be, and is hereby designated as, the “tax matters partner” of the Company (the “Tax Matters Member”).

(b) The Tax Matters Member shall make an election under Code Section 6231(a)(i)(B)(ii) with the Company’s first tax return to be filed after the effective date of this Agreement to have Code Sections 6221 to 6234, inclusive, apply to the Company.

(c) The Tax Matters Member shall, within ten days (or such shorter period of time as is reasonably practicable) of the receipt of any notice from the Internal Revenue Service in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, deliver a copy of such notice to each Member. The Tax Matters Member shall cooperate with any Member, and shall take such action as may be required to be taken by the Tax Matters Member, to cause such Member to become a "notice partner" within the meaning of Section 6231(a)(8) of the Code. The Tax Matters Member shall inform each Member of all significant matters that may come to its attention in its capacity as Tax Matters Member by giving written notice thereof within 10 business days (or such shorter period of time as is reasonably practicable) after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in its capacity as Tax Matters Member.

(d) The Tax Matters Member shall not take any action that may be taken by a "tax matters partner" under Code Section 6221 through 6234 unless (i) it has first given the other Members written notice of the contemplated action at least ten business days prior to the applicable due date of such action and (ii) it has received the unanimous written consent of the other Members to such contemplated action; provided, however, that unless the Tax Matters Member is notified otherwise no later than two business days prior to any date by which the Tax Matters Member must act as set forth in any notice received from the Internal Revenue Service, the Code or the regulations promulgated thereunder, such other Members shall be deemed to have given their consent.

(e) At least 20 days prior to the due date for the filing of any federal income tax return of the Company, the Tax Matters Member shall provide a proposed draft of such return to the Members for their approval. If the Members approve such return, the return shall be filed as approved. Failure to provide the Tax Matters Member with written notice that the Members do not approve such return within 10 days from the receipt thereof by the Members shall be deemed approval by the Members. In the event the Members do not approve such return, and the Members and Tax Matters Member are otherwise unable to resolve their differences with regard to such return, the matter shall be submitted to an independent, nationally recognized accounting firm, the decision of which shall be final. The cost of retaining such accounting firm with respect to resolving such dispute shall be borne by the Company. The Tax Matters Member shall provide a draft or final copy of any tax return to a Member upon written request by such Member.

(f) Without limiting and in addition to the foregoing, for tax proceedings, matters and claims in excess of $3 million, the Tax Matters Member shall not initiate any legal or administrative proceedings on behalf of the Company or a Company Subsidiary in respect of or relating to any tax proceedings or other tax matters, or agree to the settlement of any claims in respect of or relating to any tax proceedings or other tax matters, without first consulting with the Executive Committee a reasonable period of time prior to taking any such action.

ARTICLE VIII.
TRANSFER/ADMISSION MATTERS

8.1 Transfer Restrictions. ETP, CCE and any other Person holding, directly or indirectly, a Class A Membership Interest or Class B Membership Interest may Transfer all or any portion of its Membership Interest only in accordance with the provisions of this Article VIII; provided, that ETP, CCE and any other Person holding, directly or indirectly, a Class A Membership Interest or Class B Membership Interest may Transfer all or any portion of its Membership Interest to an Affiliate with prior notice to the Executive Committee and upon satisfaction of the provisions of Section 8.3. Notwithstanding any provision hereof to the contrary, no Class A Member may Transfer any Membership Interest to any person that is a Class A Prohibited Transferee and no Class B Member may Transfer any Membership Interest to any person that is a Class B Prohibited Transferee.

8.2 Right of First Offer. If any Class A Member or Class B Member (a "Transferring Member") desires to Transfer all or any portion of its Class A Membership Interest or Class B Membership Interest, as applicable (the "Specified Interest"), to any Third Party Purchaser, such Transferring Member shall first give notice thereof (the "Offer Notice") to the other Class A Members and Class B Members (the "Non-Transferring Members"), specifying the price (the "Specified Price") and other terms (the "Specified Terms") at and on which such Transferring Member is willing to sell the Specified Interest. The delivery of the Offer Notice by the Transferring Member to the Non-Transferring Members shall constitute an offer by the Transferring Member to negotiate in good faith to sell to the Non-Transferring Members the Specified Interest at the Specified Price upon the Specified Terms. The Non-Transferring Members shall each have 30 Business Days (the "Acceptance Period") from and including the date it receives the Offer Notice to accept such offer, which acceptance shall be in the form of a written notice (the "Acceptance Notice") to the Transferring Member. Each Non-Transferring Member wishing to accept such offer (each, an "Accepting Member") shall thereafter negotiate in good faith with the Transferring Member. If more than one Non-Transferring Member shall wish to purchase the Specified Interest, each such Non-Transferring Member shall be entitled to purchase a proportionate share of the Specified Interest on the basis of its Aggregate Percentage Interest. If the Accepting Member(s) and the Transferring Member fail to execute a definitive purchase agreement within 30 Business Days following receipt by the Transferring Member of the applicable Acceptance Notice(s), or if the sale of the Specified Interest to the Non-Transferring Member(s) is not consummated within 60 days following such receipt of the Acceptance Notice, the offer set forth in this Section 8.2 shall then automatically expire, and such Transferring Member may Transfer the Specified Interest, subject to the other terms of this Agreement, for a price and on terms and conditions substantially no more favorable to the purchaser than those offered by the Transferring Member; provided, however, that if the Transferring Member shall fail to sell the Specified Interest or any portion thereof within 180 days from such expiration, the Specified Interest or such non-transferred portion of the Specified Interest shall again be subject to the right of first offer contained in this Section 8.2.

8.3 Transfer Requirements. Notwithstanding anything to the contrary contained herein, the Company shall not recognize for any purpose any purported Transfer of all or any portion of a Member's Membership Interest unless:

(a) the Company shall have been furnished with the documents effecting such Transfer executed and acknowledged by both transferor and transferee, together the written agreement of the transferee to become a party to and be bound by this Agreement, which shall be in form and substance reasonably satisfactory to the Executive Committee;

(b) such Transfer shall have been made in accordance with all applicable laws and regulations and all necessary governmental consents shall have been obtained and requirements satisfied, including without limitation, compliance with the Securities Act, and applicable state blue sky and securities laws, and such Transfer will not cause the Company to breach or violate any applicable law;

(c) such Transfer will not cause the Company to have more than 100 partners (within the meaning of Regulations Section 1.7704-1(h)) or does not otherwise cause the Company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code;

(d) such Transfer will not result in a termination of the Company for purposes of Section 708 of the Code ;

(e) all necessary instruments reflecting such admission shall have been filed in each jurisdiction in which such filing is necessary in order to qualify the Company to conduct business or to preserve the limited liability of the Members; and

(f) such Transfer will not result in the occurrence of an event of default or similar occurrence (whether immediately or with the giving of notice, the passage of time or both) under the terms of any of the Credit Facilities;

provided, however, that the foregoing provisions of this Section 8.3 shall not apply to the Transfers contemplated by the Redemption Agreement.

The Executive Committee may request an opinion of counsel (which counsel shall be chosen by the non-transferring Member but shall be reasonably satisfactory to the transferee Member) with respect to any of the foregoing or any other matters that the Executive Committee reasonably deems appropriate in respect of any such Transfer. In addition, the Executive Committee, upon unanimous consent, may waive any of the foregoing provisions. Notwithstanding the foregoing, a Transferring Member need not comply with Section 8.3(d) if such Transferring Member indemnifies each other Member in a manner and amount reasonably satisfactory to each such other Member for any adverse tax effects that would result from such termination.

8.4 Admission of a Member. A Person may be admitted as Class A Member or a Class B Member upon satisfaction of the relevant requirements of this Article VIII or with the unanimous written consent of the Class A Members and the Class B Members. Upon such admission, such Member shall be designated as either a Class A Member or a Class B Member, and the Managing Member shall amend Exhibit A appropriately to reflect the admission of such Person as a Member.

8.5 Cooperation by Members. If any Member wishes to Transfer all or a portion of its Membership Interest in accordance with the provisions of this Article VIII, each other Member shall use its reasonable efforts to assist the Member seeking to make such Transfer as such Member may reasonably request.

ARTICLE IX.
BOOKS AND RECORDS; BANK ACCOUNTS

9.1 Books and Records. The books and records of the Company shall, at the cost and expense of the Company, be kept or caused to be kept by the Managing Member at the principal place of business of the Company. Such books and records will be kept on the basis of a calendar year, and will reflect all Company transactions and be appropriate and adequate for conducting the Company's business. By February 28 of each year, the Tax Matters Member shall provide each Member of Holdings with an estimate of its allocable share of the preceding year's taxable income, loss, credit and certain other information necessary for the Members to file a complete tax return.

9.2 Reporting Requirements.

(a) Members Holding 5% Membership Interests. The Managing Member shall prepare, or cause to be prepared, and shall deliver a financial report (audited in the case of a report sent as of the end of a Fiscal Year and unaudited in the case of a report sent as of the end of a quarter) to each holder of 5% or more of the outstanding Class A Membership Interests and to each holder of 5% or more of the outstanding Class B Membership Interests within 120 days after the end of each Fiscal Year (commencing after the date of this Agreement) and 60 days after the end of each of the first three quarters of each Fiscal Year (commencing with the first full quarter after the date of this Agreement), setting forth for such Fiscal Year or quarter:

(i) the assets and liabilities of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, as of the end of such Fiscal Year or quarter;

(ii) the net profit or net loss of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, for such Fiscal Year or quarter;

(iii) the cash flows of the Company and the Company Subsidiaries, on a consolidated and consolidating basis, for such Fiscal Year or quarter; and

(iv) in the case of a Fiscal Year only, such Class A Member's or such Class B Member's closing Capital Account balance as of the end of such Fiscal Year.

(b) Members Holding 20% Membership Interests. The Managing Member shall prepare, or cause to be prepared, and shall deliver to each Member holding 20% or more of the outstanding Class A Membership Interests and to each Member holding 20% or more of the outstanding Class B Membership Interests as promptly as practicable such information regarding the Company and each Company Subsidiary as such Member shall reasonably request.

9.3 Bank Accounts. All funds of the Company will be deposited in its name in an account or accounts maintained with such bank or banks selected by the Executive Committee. The funds of the Company will not be commingled with the funds of any other Person. Checks will be drawn upon the Company account or accounts only for the purposes of the Company and shall be signed by authorized representatives of the Company.

ARTICLE X.
DISSOLUTION AND LIQUIDATION

10.1 Dissolution. The Company shall be dissolved upon the approval of the Members required by Section 4.4(c)(i).

10.2 Distribution on Dissolution.

(a) Upon dissolution of the Company, no further business shall be conducted except for the taking of such action as shall be necessary for the winding up of the affairs of the Company and the distribution of assets pursuant to the provisions of this Section. So long as it shall then be a Member, CCE shall act as the Liquidating Trustee. If CCE shall not then be a Member or if it is unable to act as Liquidating Trustee, then the Members shall appoint another Liquidating Trustee. The Liquidating Trustee shall have full authority to wind up the affairs of the Company and to make distributions provided herein.

(b) Upon dissolution of the Company, the Liquidating Trustee shall distribute all of the membership interests in Transwestern to the Class B Member. The Liquidating Trustee shall then either sell the remaining assets of the Company at the best price available, or the Liquidating Trustee may distribute to the Class A Members all or any portion of the Company's assets in kind. If any assets are to be distributed in kind, the Liquidating Trustee shall ascertain the fair market value (by appraisal or other reasonable means) of such assets, and each Class A Member's Capital Account shall be charged or credited, as the case may be, as if such asset had been sold for cash at such fair market value and the Profit or Loss recognized thereby had been allocated to and among the Class A Members in accordance with Article VII.

(c) All assets of the Company, other than the membership interests in Transwestern, shall be applied and distributed in the following order:

(i) *first*, to the payment and discharge of all the Company's debts and liabilities to creditors, including liabilities to Members who are creditors, to the extent otherwise permitted by law;

(ii) *second*, to establish such reserves as the Liquidating Trustee may deem reasonably necessary (and if the Liquidating Trustee shall be a Member, with the approval of Members holding at least two-thirds of all Membership Interests) for contingent or unforeseen liabilities or obligations of the Company; and

(iii) *thereafter*, to the Class A Members in proportion to their Class A Percentage Interests.

10.3 Cancellation of Certificate. Upon the completion of the distribution of Company assets as provided in this Article X, the Company shall be terminated, and the Members shall cause the cancellation of the Certificate and all amendments thereto, and shall take such other actions as may be necessary or appropriate to terminate the Company.

ARTICLE XI.
GENERAL

11.1 Title to Company Property. All property owned by the Company, including, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership of such property. The Company may hold any of its assets in its own name or in the name of its nominee, which nominee may be one or more Persons.

11.2 Severability. Every provision of this Agreement is intended to be severable. Any provision of this Agreement which is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or impairing the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity will not affect the validity of the remainder of this Agreement.

11.3 Governing Law. This Agreement and rights and obligations of the parties hereto with respect to the subject matter hereof will be interpreted and enforced in accordance with, and governed exclusively by, the law of the State of Delaware, excluding the conflicts of law provisions thereof.

11.4 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties hereto and their permitted successors, heirs and assigns.

11.5 Waiver of Action for Partition. Each of the Members irrevocably waives during the term of the Company any right that he may have to maintain any action for partition with respect to any property of the Company.

11.6 Headings. The headings of the Articles, Sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

11.7 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, with the same effect as if all parties had signed the same documents, each of which will be considered an original, but all such counterparts together will constitute but one and the same Agreement. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

11.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. This Agreement and the exhibits hereto supersede all prior written and all prior and contemporaneous oral agreements, understandings, negotiations and representations between the parties with respect to such subject matter.

11.9 Amendment. Except in the case of a modification of Exhibit A to be made by the Managing Member as expressly contemplated by the terms of this Agreement, including Section 5.2, this Agreement may be amended only by an instrument in writing signed by all of the Members. Promptly following any amendment to this Agreement (including any modification to Exhibit A by the Managing Member), the Managing Member shall provide a true and complete copy thereof to each other Member.

11.10 Securities Law Matters. The Members agree and acknowledge that their Membership Interests are being acquired by them for investment purposes only and not with a view to any sale thereof; that they have had adequate opportunity to obtain from representatives of the Company and others all information necessary for purposes of evaluating the merits and risks of holding a Membership Interest; that they are able to bear the economic risk of holding their Membership Interests hereunder for an indefinite period; that the Membership Interests are illiquid assets and that there is no market in which to effectuate a resale thereof or any portion thereof; and that, in any event, the resale of their Membership Interests cannot be effectuated except pursuant to compliance with the registration requirements under the Securities Act or an exemption therefrom.

11.11 Notices.

(a) Each notice or other communication required or permitted to be given pursuant to this Agreement shall be in writing and delivered in person or by first class United States mail, postage prepaid, to the party to whom addressed or by any nationally known overnight courier service to the address specified on Exhibit A or to such other address as the party may advise the Executive Committee, the Managing Member and the other Members as its address for notice hereunder.

(b) All notices shall be deemed given upon the earlier to occur of: (i) the date of actual receipt; (ii) the date of refusal of delivery; and (iii) (A) as to hand delivery, the date of delivery, (B) as to facsimile, when such facsimile is transmitted to the facsimile number specified herein and the appropriate confirmation is provided, (C) as to overnight courier service, the date following the deposit with the overnight courier service, and (D) as to the US Mails, three business days after depositing in the US Mails.

11.12 Construction. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any creditors of the Company or other third parties.

11.13 Submission to Jurisdiction; Consent to Service of Process.

(a) Any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated by this Agreement, and any and all Actions related to the foregoing shall be filed and maintained exclusively in the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch, of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 11.11.

11.14 No Consequential or Punitive Damages. No party hereto (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for any consequential, exemplary, special, incidental or punitive damages claimed by such other party under the terms of or due to any breach of this Agreement, including, but not limited to, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

11.15 Waiver. No consent or waiver, express or implied, by any Member to or of any breach or default by any other Member in the performance by such other Member of its obligations under this Agreement shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such other Member of the same or any other obligation of such other Member under this Agreement. Failure on the part of any Member to complain of any act or failure to act of any other Member or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by such Member of its rights under this Agreement.

11.16 Confidentiality. Each Member shall hold, and shall cause its Affiliates to hold, in strict confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, the contents of any reports, financial statements, budgets or other information delivered to any Member pursuant to Section 9.2 ("Confidential Information"), except to the extent that such Confidential Information (i) has been or has become (A) generally available to the public other than as a result of disclosure by any party hereunder or an Affiliate of a party or (B) available to the public on a non-confidential basis from a source other than an Affiliate of a party entitled to the protection offered hereby, or (ii) is required to be disclosed under applicable law or stock exchange rules; provided, however, the applicable Member shall use, and shall cause its Affiliates to use, commercially reasonable efforts to give each other Member prior notice of any such disclosure in sufficient time to enable each other Member to protect any such information. However, nothing contained in this Section shall preclude the disclosure of Confidential Information, on the condition that it remain confidential, to auditors, attorneys, lenders, financial advisors, members, limited partners and other Persons in connection with the performance of their duties as delegated or requested by any Member hereof.

11.17 Public Announcement. The Members shall consult with each other before issuing any press release relating to the Company and shall not issue any such press release or make any such public statement without the prior consent of the other Members, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that a Member may, without consulting with any other Member and without the prior consent of the other Members, issue such press release or make such public statement as may, upon the advice of counsel, be required by applicable law or stock exchange rules if it has used all reasonable efforts to consult with the other Members.

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

CLASS A MEMBERS

CCE ACQUISITION, LLC

By: _____
Name:
Title:

CCEA CORP.

By: _____
Name:
Title:

CLASS B MEMBER

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners, GP, L.P.,
its general partner

By: Energy Transfer Partners, L.L.C.,
its general partner

By: _____
Name:
Title:

EXHIBIT A

Members

Class A Members	Class A Percentage Interest
CCE ACQUISITION, LLC 5444 Westheimer Road Houston, TX 77056 Attn:	99.8%
CCEA CORP. 5444 Westheimer Road Houston, TX 77056 Attn:	.2%

EXHIBIT B

Class A Prohibited Transferees

1. Kinder Morgan
2. American International Group, Inc.

Class B Prohibited Transferees

1. General Electric
2. Kinder Morgan
3. American International Group, Inc.

EXHIBIT C

Second Amended and Restated Administrative Services Agreement

Exhibit 10.5

TRANSWESTERN PIPELINE COMPANY, LLC

$82,000,000

5.64% Senior Unsecured Series 1 Notes due May 24, 2017

and

$150,000,000

5.89% Senior Unsecured Series 2 Notes due May 24, 2022

and

$75,000,000

6.16% Senior Unsecured Series 3 Notes due May 24, 2037

NOTE PURCHASE AGREEMENT

DATED MAY 24, 2007

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TRANSWESTERN PIPELINE COMPANY, LLC
5444 Westheimer Road
Houston, Texas 77056

5.64% Senior Unsecured Series 1 Notes due May 24, 2017
5.89% Senior Unsecured Series 2 Notes due May 24, 2022
6.16% Senior Unsecured Series 3 Notes due May 24, 2037

May 24, 2007

TO EACH OF THE PURCHASERS LISTED IN
SCHEDULE A HERETO:

Ladies and Gentlemen:

TRANSWESTERN PIPELINE COMPANY, LLC, a Delaware limited liability company (the "Company"), agrees with each of the purchasers whose names appear at the end hereof (each, a "Purchaser" and, collectively, the "Purchasers") as follows:

Section 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of: (i) $82,000,000 aggregate principal amount of its 5.64% Senior Unsecured Series 1 Notes due May 24, 2017 (the "Series 1 Notes"), (ii) $150,000,000 aggregate principal amount of its 5.89% Senior Unsecured Series 2 Notes due May 24, 2022 (the "Series 2 Notes") and (iii) $75,000,000 aggregate principal amount of its 6.16% Senior Unsecured Series 3 Notes due May 24, 2037 (the "Series 3 Notes" and together with the Series 1 Notes and the Series 2 Notes, the "Notes"). The term "Notes" shall also include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement. In addition, the Notes shall be substantially in the forms set forth in Exhibit 1(a), Exhibit 1(b) and Exhibit 1(c), respectively.

Certain capitalized terms used in this Agreement are defined in Schedule B; reference to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 2. SALE AND PURCHASE.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, the Series 1 Notes, the Series 2 Notes and/or the Series 3 Notes, as the case may be, in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

Section 3. CLOSING.

The sale and purchase of the entire aggregate principal amount of the Series 1 Notes, Series 2 Notes and Series 3 Notes to be purchased by each Purchaser indicated on Schedule A hereto shall occur at the offices of Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, NY 10019, at 10:00 a.m., New York time, at a closing on May 24, 2007 or on such other Business Day thereafter on or prior to June 8, 2007 as may be agreed upon by the Company and the Purchasers (the "Closing"). At the Closing, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Series 1 Note, Series 2 Note and/or Series 3 Note, as the case may be, (or such greater number of Series 1 Notes, Series 2 Notes and/or Series 3 Notes, as the case may be, in denominations of at least $100,000 as such Purchaser may request) dated as of the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds to such account(s) designated by the Company in the letter provided pursuant to Section 4.10 of this Agreement or at such other account(s) as shall be specified in writing to the Purchasers. If at the Closing the Company shall fail to tender such Notes to any Purchaser that is scheduled to purchase Notes on such date as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

Section 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be true and correct when made and as of the date of the Closing (other than any such representations and warranties that, by their express terms, refer to a specific date other than the date of the Closing, in which case, shall be true and correct as of such specific date). The statements of the Company and its respective officers or Responsible Officers made in any certificates delivered pursuant to this Agreement shall be true and correct, in all material respects, when made and as of the date of the Closing (other than any such statements that, by their express terms, refer to a specific date other than the date of the Closing, in which case, shall be true and correct as of such specific date).

Section 4.2. Performance; No Default.

The Company shall have performed and complied, in all material respects, with all agreements and conditions contained in this Agreement and the Notes required to be performed or complied with by it prior to or at the Closing and, after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) and of

all other Debt to be issued by the Company as of the date of the Closing, no Default or Event of Default shall have occurred and be continuing. The Company shall not have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 9(g) or Section 10(a), (b), (c), (f), (g), (i) or (j) had such Sections applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate*. The Company shall have delivered to such Purchaser an Officer's Certificate, dated as of the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2, 4.9 and 4.12, as applicable, have been fulfilled.

(b) *Secretary's Certificate*. The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated as of the date of the Closing, certifying as to, among other things, (i) the completeness and correctness of the limited liability company agreement attached thereto, (ii) the completeness and correctness of one or more resolutions or other authorizations attached thereto and other limited liability company proceedings relating to the authorization, execution and delivery of the Notes and this Agreement, (iii) the completeness and correctness of the bylaws or other governing documents of the Company as in effect on the date on which the resolutions referred to in clause (ii) above were adopted as of the date of the Closing, (iv) the due organization and good standing of the Company under the laws of its jurisdiction of organization, and the absence of any proceeding for the dissolution or liquidation of the Company, (v) the names and true signatures of the officers of the Company authorized to sign this Agreement, the Notes and the other documents to be delivered hereunder.

Section 4.4. Opinions of Counsel.

Such Purchaser and its counsel shall have received opinions in form and substance satisfactory to such Purchaser, dated as of the Closing from (a) Vinson & Elkins LLP, counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers), (b) Thomas P. Mason, General Counsel of ETP, the indirect owner of all of the equity interests of the Company, covering the matters set forth in Exhibit 4.4(b) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request, and (c) Dewey Ballantine LLP, the Purchasers' special counsel in connection with the transactions contemplated hereby, and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc.

On the date of the Closing, such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable Law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable Law or

regulation, which Law or regulation was not in effect on the date hereof. If requested by such Purchaser at least three Business Days prior to the date of the Closing, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact concerning the Company as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number.

A Private Placement Number issued by S&P's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each of the Series 1 Notes, the Series 2 Notes and the Series 3 Notes.

Section 4.9. Changes in Corporate Structure.

The Company shall not have changed its jurisdiction of organization or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following December 31, 2006.

Section 4.10. Funding Instructions.

At least two Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company or ETP confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Proceedings and Documents.

All limited liability company, corporate and other proceedings in connection with the transactions contemplated by this Agreement and the Notes and all other documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 4.12. No Legal Impediment to Issuance.

No action shall have been taken or, to the best knowledge of the Company, be threatened, and no statute, rule, regulation or order shall have been enacted, adopted or issued by any Governmental Authority that would, as of the date of the Closing, prevent the issuance or sale of the Notes; and no injunction or order of any other nature by any Governmental Authority shall have been issued or shall be pending or, to the best knowledge of the Company, threatened that would, as of the date of the Closing, prevent the issuance or sale of the Notes.

Section 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority.

The Company (i) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, (ii) is duly qualified and in good standing in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except, where the failure to so qualify or be in good standing would not be reasonably expected to have a Material Adverse Effect and (iii) has all requisite limited liability company power and authority (including, without limitation, all Governmental Authorizations) to own or lease and operate its properties, to carry on its business as now conducted and as proposed to be conducted, except, in the case of Governmental Authorizations, where the failure to have any such Governmental Authorizations could not reasonably be expected to have a Material Adverse Effect, and to execute this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc.

This Agreement and the Notes have been duly authorized by all necessary limited liability company action on the part of the Company, and this Agreement and the Notes constitute, and upon execution and delivery thereof will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure.

The Company, through its agent, J.P. Morgan Securities Inc., has delivered to you and each other Purchaser a copy of a Private Placement Memorandum, dated April 2007 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company. This Agreement, the Notes, the Memorandum, the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements described in Section 5.5, (this Agreement, the Notes, the Memorandum, and such documents, certificates or other writings and

such financial statements delivered to each Purchaser prior to May 7, 2007 being referred to, collectively, as the "Disclosure Documents") taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made; *provided*, that, with respect to projected and pro forma financial information provided in connection with the Memorandum, the Company represents only that such information was prepared in good faith based upon estimates and assumptions believed by the Company to be accurate and reasonable at the time. Except as disclosed in the Disclosure Documents, since December 31, 2006, there has been no change in the financial condition, operations, business, properties or prospects of the Company except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents

Section 5.4. Organization and Ownership of Equity Interests of Subsidiaries; Affiliates.

As of the Closing, the Company has no Subsidiaries. As of the Closing, ETP Holdco directly owns 100% of the Equity Interests of the Company and ETP directly owns 100% of the Equity Interests of ETP Holdco.

Section 5.5. Financial Statements.

The Company has delivered to the Purchasers the Consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2004, 2005 and 2006 and the related Consolidated statement of income and Consolidated statement of cash flows of the Company and its Subsidiaries for the Fiscal Year then ended, accompanied, in the case of the Company's Consolidated audited financial statements for the year ended December 31, 2006, by an unqualified opinion of PricewaterhouseCoopers LLP, independent public accountants. Such financial statements present fairly, in all material respects, the Consolidated financial condition of the Company and its Subsidiaries as at such dates and the Consolidated results of operations of the Company and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP.

Section 5.6. No Conflict, Other Instruments, Etc.

The execution, delivery and performance by the Company of this Agreement and the Notes, as applicable, and the consummation of the transactions contemplated hereby, do not (i) contravene the Company's organizational documents, (ii) violate any Law (other than with respect to any prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or violation of Part 4 of Title I of ERISA, as to which no representation is being made), (iii) conflict with or result in the breach of, or constitute a default or require any material payment to be made under any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting the Company or any of its Properties, (iv) result in or require the creation or imposition of any Lien upon or with respect to any of the Properties of the Company, except for (A) in the case of clauses (iii) and (iv) (other than with respect to the consummation of the transactions contemplated hereby), breaches of any such contract, loan

agreement, indenture, mortgage, deed of trust, lease or other instrument or creation of a Lien that could not be reasonably expected to have a Material Adverse Effect and (B) in the case of clauses (iii) and (iv) with respect to the consummation of the transactions contemplated hereby, breaches of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument or creation of a Lien that to the knowledge of the Company could not be reasonably expected to have a Material Adverse Effect.

Section 5.7. Governmental Authorizations, Etc.

No Governmental Authorization, and no notice to or filing with, any Governmental Authority (including, without limitation, the SEC under PUHCA) or any other third party, is required in connection with the execution, delivery or performance by the Company of this Agreement and the Notes and the transactions contemplated herein or therein (including without limitation, the incurrence of Debt under this Agreement and the Notes and the repayment thereof and the exercise by any holder of Notes of its rights under the Loan Documents), except for those authorizations, approvals, actions, notices and filings with respect to the consummation of the transactions contemplated hereby, (A) which have been duly obtained or made or (B) the failure of which to be obtained or made could not reasonably be expected to have a Material Adverse Effect.

Section 5.8. Litigation.

(a) There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against or affecting the Company, including any Environmental Action in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, (i) could be reasonably expected to have a Material Adverse Effect, or (ii) purports to affect the legality or validity, or enforceability of this Agreement and the Notes or the consummation of the transactions contemplated hereby.

(b) The Company is not in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable Law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes.

(a) The Company has filed or caused to be filed all United States federal income tax returns and all other material domestic tax returns which to the knowledge of the Company are required to be filed by the Company and has paid or provided for the payment, before the same become delinquent, of all taxes due pursuant to such returns or pursuant to any assessment received by the Company, other than (i) those taxes contested in good faith by appropriate proceedings, and (ii) any such payment in an amount not to exceed $1,000,000 in the aggregate at any time outstanding.

(b) The Company is not a party to any tax sharing agreement or arrangement.

Section 5.10. Title to Property; Liens; Leases.

(a) The Company has good and valid title to, or holds a valid leasehold, license or other interest in, or right of way easement through all items of real property used by it in the ordinary course of business with such exceptions as would not reasonably be expected to have, in the aggregate, a Material Adverse Effect, in each case free and clear of all Liens (except for (i) all Liens set forth on Schedule 5.10, (ii) Permitted Liens and (iii) such other Liens that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect). With respect to each material parcel of real property that is leased by the Company as tenant (the "Leased Real Property"), to the knowledge of the Company, (x) the Company has not received any notice of default under any lease pertaining to any of the Leased Real Property in the twelve (12) month period prior to the date hereof and (y) there are no uncured defaults under any lease without regard to when notice may have been given that would give the counterparty the right to terminate such lease, in each case with such exceptions as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Company has not agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise and whether as to the Company or any Subsidiary it may have in the future) any of its property (or such future Subsidiary's property), whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10(a).

Section 5.11. Licenses, Permits, Etc.

Except as set forth on Schedule 5.11, the Company does not have any interest in any material patents, patent licenses, copyrights, service marks, trademarks and trade names. To the Company's knowledge, the use of any intellectual property set forth on Schedule 5.11 by the Company does not conflict with the asserted rights of others, with such exceptions as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.12. Compliance with ERISA.

(a) No ERISA Event has occurred during the prior five year period or is reasonably expected to occur with respect to any Plan that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan, which could reasonably be expected to have a Material Adverse Effect.

(c) Neither the Company nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that (x) such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA or (y) such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

Section 5.13. Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and not more than 100 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations.

The Company shall use the proceeds of the sale of the Notes solely to pay amounts outstanding under the intercompany Loan Agreement referred to in paragraph 1 of Schedule 5.15. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221) ("Regulation U"), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). The Company owns no margin stock. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness.

Set forth on Schedule 5.15 hereto is a complete and accurate list, as of the date of the Closing, of each item of Debt of the Company immediately before the occurrence of the Closing, showing as of such date the obligor and the principal amount outstanding thereunder.

Section 5.16. Foreign Assets Control Regulations, Etc.

(a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) The Company (i) is not a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (ii) does not engage in any dealings or transactions with any such Person. The Company is in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

Section 5.17. Regulatory Matters.

The Company is not, and will not be after giving effect to the offering of the Notes and the execution of this Agreement and the Notes, as applicable, subject to regulation under the Investment Company Act of 1940, as amended, PUHCA, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Environmental Matters.

(a) Except, in each case, as would not reasonably be likely to have a Material Adverse Effect, the operations and properties of the Company comply in all respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs, and no circumstances exist that could be reasonably expected to (i) form the basis of an Environmental Action against the Company or any of its properties or (ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law.

(b) Except, in each case, as would not be reasonably expected to have a Material Adverse Effect, none of the properties currently or formerly owned or operated by the Company is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; and Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by the Company.

(c) All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by the Company have been, to the extent they are disposed of, disposed of in a manner that would not be reasonably expected to result in a Material Adverse Effect.

Section 5.19. Independent Accountants.

PricewaterhouseCoopers LLP, who have certified the financial statements of the Company for the fiscal year ended December 31, 2006, are independent public accountants with respect to the Company within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and its interpretations and rulings thereunder.

Section 5.20. Insurance.

As of the date of the Closing, the Company has insurance with responsible and reputable insurers covering its Properties against loss or damage of the kinds customarily insured against by companies similarly situated in the industry in which the Company conducts its business, in such amounts and with such deductibles as is customary for similarly situated companies; and the Company (i) has not received notice from any insurer or agent of such insurer that any material capital improvements or other material expenditures are required or necessary to be

made in order to continue such insurance or (ii) does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at commercially available rates from similar insurers as may be necessary to continue its business.

Section 5.21. Notes Pari Passu.

The Notes do and shall rank pari passu with the Company's unsecured, unsubordinated Debt (including, without limitation, Debt incurred in accordance with the terms of the New Credit Facility).

Section 5.22. Compliance with Rules, Regulations and Laws.

The Company is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 6. REPRESENTATIONS OF THE PURCHASER.

Section 6.1. Purchase for Investment.

Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by Law, and that the Company is not required to register the Notes.

Section 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information.

For so long as any Note is outstanding the Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Financials*. As soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year, Consolidated balance sheets of the Company and its Subsidiaries as of the end of such quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to normal year-end audit adjustments) by a Senior

Financial Officer of the Company as having been prepared in accordance with GAAP, and together with (i) a certificate of such officer stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Company has taken and proposes to take with respect thereto and (ii) a schedule, delivered and signed by such officer, of the computations used by the Company in determining compliance with the covenants contained in Section 10(i), provided that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 10(i), a statement of reconciliation conforming such financial statements to GAAP;

(b) *Annual Financials*. As soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual audit report for such year for the Company and its Subsidiaries, including therein Consolidated balance sheets of the Company and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and a Consolidated statement of cash flows of the Company and its Subsidiaries for such Fiscal Year, setting forth, in each case, in comparative form the figures for the previous Fiscal Year, in each case accompanied by (i) an opinion of PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; *provided* that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 10(i), a statement of reconciliation conforming such financial statements to GAAP and (ii) a certificate of a Senior Financial Officer of the Company stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Company has taken and proposes to take with respect thereto and (iii) a schedule, delivered and signed by such officer, of the computations used in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Section 10(i);

(c) *Securities Reports*. Promptly after the sending or filing thereof, copies of all regular, periodic and special reports, and all registration statements, that the Company or any of its Subsidiaries files with the SEC or any governmental authority that may be substituted therefor, or with any national securities exchange;

(d) *Notice of Default or Event of Default*. As soon as possible and in any event within five days after the Company first obtains knowledge of the occurrence of any Default or Event of Default, or any event, development or occurrence that could be reasonably expected to have a Material Adverse Effect, continuing on the date of such statement, a statement of an executive officer of the Company setting forth details of such Default or Event of Default, or event, development or occurrence and the action that the Company has taken and proposes to take with respect thereto;

(e) *ERISA Matters*. Promptly, and in any event within five days after a Responsible Officer becomes aware of any of the events described in Sections 11(j) and 11(k), a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto;

(f) *Notices from Governmental Authority*. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any Governmental Authority affecting the Company or any of its Subsidiaries of the type described in Section 5.8; and

(g) *Requested Information*. Such other information respecting the business, financial condition, operations, or assets of the Company or any of its Subsidiaries as from time to time may be reasonably requested by any such holder of Notes.

Section 7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by the certificates of, and schedule signed by, a Senior Financial Officer referred to in Section 7.1(a) or Section 7.1(b), as the case may be.

Section 7.3. Visitation.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default*. If no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company or any of its Subsidiaries, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default*. If a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any of its Subsidiaries, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants and the Company shall be provided an opportunity to participate in such discussions with such accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity.

As provided therein, the entire unpaid principal balance of the Notes shall be due and payable on the Stated Maturity Dates thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than $10,000,000 of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.5), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Offer of Prepayment Upon Asset Sales.

(a) *Notice of Certain Dispositions*. The Company will, on or prior to five Business Days after the end of any consecutive 12-month period during which the Company or any of its Subsidiaries makes one or more Asset Sales pursuant to which the Company or any of its Subsidiaries receives Net Cash Proceeds in excess of 15% of Consolidated Net Tangible Assets (determined as of the end of the fiscal quarter of the Company immediately prior to the commencement of such 12-month period (and without deduction for such Asset Sales)), give written notice of such Asset Sales to each holder of Notes which notice shall contain and constitute an offer to prepay the Notes as described in paragraph (b) of this Section 8.3 and shall be accompanied by the certificate described in paragraph (e) of this Section 8.3.

(b) *Offer to Prepay Notes*. The offer to prepay the Notes contemplated by paragraph (a) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, the Notes held by each holder on a date specified in such offer (the "Proposed Asset Sale Prepayment Date"). The Proposed Asset Sale Prepayment Date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Proposed Asset Sale Prepayment Date shall not be specified in such offer, the Proposed Asset Sale Prepayment Date shall be the 60th day after the date of such offer).

(c) *Acceptance; Rejection*. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company at least five days prior to the Proposed Asset Sale Prepayment Date. A failure by a holder of Notes to reply to an offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment*. The principal amount of the Notes to be prepaid pursuant to this Section 8.3 shall be equal to the amount, if any, by which the aggregate of all Net Cash Proceeds from all of the Asset Sales referred to in Section 8.3(a) exceeds 15% of Consolidated Net Tangible Assets (determined as of the end of the fiscal quarter of the Company immediately preceding the date of such Asset Sale and without deduction for such Asset Sales) (such Net Cash Proceeds being referred to herein as the "Excess Cash Proceeds") together with interest on such Notes accrued to the date of prepayment, but without any premium; *provided* that in connection with any Asset Sale that triggers a prepayment of the Term Advances under the New Credit Facility, the Excess Cash Proceeds shall be applied ratably to the Term Advances under the New Credit Facility and an offer to purchase the Notes pursuant to this Section 8.3 on the basis of their outstanding aggregate principal amounts. The prepayment of the Notes shall be made on the Proposed Asset Sale Prepayment Date; *provided further* that if any of the Excess Cash Proceeds that are applicable to the prepayment of the Notes are not so applied due to any rejections of such prepayment pursuant to Section 8.3(c), such Excess Cash Proceeds shall be applied to the term loans under the New Credit Facility.

(e) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying: (i) the Proposed Asset Sale Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Asset Sale Prepayment Date; (v) that the conditions of this Section 8.3 have been fulfilled; and (vi) in reasonable detail, the nature of the Asset Sales with respect to which such prepayment is being made.

(f) *Deferral of Offer to Prepay*. Notwithstanding the foregoing provisions of Section 8.3, with respect to any Net Cash Proceeds realized or received with respect to any Asset Sale referred to in Section 8.3(a), if the Company shall deliver to the holders of Notes a certificate of a Senior Financial Officer to the effect that the Company and its Subsidiaries intend to reinvest such Net Cash Proceeds (or a portion thereof specified in such certificate) in its business (or enter into a binding commitment with respect to such reinvestment) within 365 days after receipt of such Net Cash Proceeds, then no prepayment need be offered by the Company pursuant to the foregoing provisions of this Section 8.3 in respect of such Net Cash Proceeds (or the portion of such Net Cash Proceeds specified in such certificate, if applicable), except that, if (x) any such Net Cash Proceeds have not been so applied by the end of such 365-day period or (y) the Company or any of its Subsidiaries have not entered into a binding commitment with respect to such application of such Net Cash Proceeds within such 365-day period and not reinvested in its business pursuant to such commitment within 180 days after entering into such commitment, the Company shall offer to prepay the Notes at that time in accordance with the foregoing provisions of this Section 8.3 in an amount equal to the amount of such Net Cash Proceeds that have not been so applied pro rata with the prepayment of the Term Advances under the New Credit Facility (if a prepayment is triggered under the New Credit Facility under such circumstances).

Section 8.4. Change of Control Put.

(a) *Notice of Change of Control or Control Event*. The Company will, within three Business Days after any Responsible Officer of the Company has knowledge of the occurrence of any Change of Control or Control Event, give written notice of such Change of Control or Control Event to each holder of Notes unless notice in respect of such Change of Control

(or the Change of Control contemplated by such Control Event) shall have been given pursuant to paragraph (b) of this Section 8.4. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in paragraph (c) of this Section 8.4 and shall be accompanied by the certificate described in paragraph (g) of this Section 8.4.

(b) *Condition to Company Action*. The Company will not take any action that consummates or finalizes a Change of Control unless at least 30 days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes as described in paragraph (c) of this Section 8.4 (the "Company Offer Notice"), accompanied by the certificate described in paragraph (g) of this Section 8.4 of the consummation or finalization of such Change of Control.

(c) *Offer to Prepay Notes*. The offer to prepay Notes contemplated by paragraphs (a) and (b) of this Section 8.4 shall be an offer to prepay, in accordance with and subject to this Section 8.4, all, but not less than all, the Notes held by each holder on a date specified in such offer (the "Proposed Change of Control Prepayment Date"). The Proposed Change of Control Prepayment Date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Proposed Change of Control Prepayment Date shall not be specified in such offer, the Proposed Change of Control Prepayment Date shall be the 60th day after the date of such offer).

(d) *Acceptance; Rejection*. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.4 by causing a notice of such acceptance to be delivered to the Company not later than the twentieth day following delivery of the Company Offer Notice. A failure by a holder of Notes to reply to an offer by such date to prepay made pursuant to this Section 8.4 shall be deemed to constitute a rejection of such offer by such holder.

(e) *Prepayment*. Prepayment of the Notes to be prepaid pursuant to this Section 8.4 shall be at 100% of the principal amount of such Notes together with interest on such Notes accrued to the date of prepayment but without any premium. The prepayment shall be made on the Proposed Change of Control Prepayment Date except as provided in paragraph (f) of this Section 8.4.

(f) *Deferral pending Change of Control*. The obligation of the Company to prepay Notes pursuant to the offers required by paragraph (b) and accepted in accordance with paragraph (d) of this Section 8.4 is subject to the occurrence of the Change of Control in respect of which such offers and acceptances shall have been made. In the event that such Change of Control does not occur on the Proposed Change of Control Prepayment Date in respect thereof, the prepayment shall be deferred until and shall be made on the date on which such Change of Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change of Control and prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change of Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.4 in respect of such Change of Control shall be deemed rescinded).

(g) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.4 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Change of Control Prepayment Date;

(ii) that such offer is made pursuant to this Section 8.4; (iii) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Change of Control Prepayment Date; and (iv) in reasonable detail, the nature and date or proposed date of the Change of Control.

Section 8.5. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.6. Maturity; Surrender, Etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.7. Purchase of Notes.

The Company will not and will not permit any of its Subsidiaries to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any of its Subsidiaries pursuant to any payment or prepayment of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.8. Make-Whole Amount.

"**Make-Whole Amount**" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make Whole Amount, the following terms have the following meanings:

"**Called Principal**" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"**Discounted Value**" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Reinvestment Yield**" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1 on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"**Remaining Average Life**" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"**Remaining Scheduled Payments**" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"**Settlement Date**" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding, it shall:

(a) *Compliance with Laws, Etc.* Comply, and cause each of its Subsidiaries to comply, with all applicable laws, rules, regulations and orders (including, without limitation, the USA Patriot Act) of any Governmental Authority binding on it or any of its properties, except for such non-compliance as would not be reasonably expected to have a Material Adverse Effect.

(b) *Payment of Taxes, Etc.* Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all material lawful claims that, if unpaid, might by law become a Lien upon its property; *provided, however*, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable.

(c) *Maintenance of Insurance.* Maintain, and cause each of its Subsidiaries to maintain insurance with responsible and reputable insurance companies or associations and such insurance shall be maintained in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or any of its Subsidiaries operates.

(d) *Preservation of Corporate Existence, Etc.* Except as expressly permitted by Section 10(d), preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its legal existence, and, except as would not be reasonably expected to have a Material Adverse Effect, its permits, licenses, approvals, privileges and franchises necessary to the normal conduct of its business.

(e) *Keeping of Books.* Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each Subsidiary of the Company to the extent necessary to prepare financial statements that are in accordance with GAAP in effect from time to time.

(f) *Maintenance of Properties, Etc.* Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its Properties that are used or useful in the conduct of its business in accordance with the Company's or its Subsidiaries' established maintenance plan as in effect from time to time consistent with past practices.

(g) *Transactions with Affiliates*. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates on terms that are no less favorable to the Company or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(h) *Covenant Regarding Subsidiaries.* Upon the formation or acquisition by the Company or any of its Subsidiaries of any new direct or indirect Subsidiary that is organized under the laws of any political subdivision of the United States of America, within ten (10) days after such formation or acquisition, at the Company's election, either (i) at the Company's expense, cause such Subsidiary, and cause each direct and indirect parent of such Subsidiary (if it has not already done so), to duly execute and deliver to each holder of Notes a Subsidiary Guaranty, guaranteeing the obligations of the Company and the other Subsidiary Guarantors under the Loan Documents and to provide an opinion of outside counsel of nationally recognized standing to the effect that each Subsidiary Guaranty is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, or (ii) notify each holder of Notes that such Subsidiary shall not be a Subsidiary Guarantor hereunder (each such Subsidiary, a "Non-Guarantor Subsidiary") and shall cause such Subsidiary to be in compliance with Section 10(a) and Section 10(b) to the extent applicable to a Non-Guarantor Subsidiary in addition to any other provisions of the Loan Documents applicable to any Subsidiary of the Company.

Section 10. NEGATIVE COVENANTS.

The Company covenants that, so long as any of the Notes are outstanding, it will not and will cause its Subsidiaries not to, at any time:

(a) *Liens, Etc*. Create, incur, assume or suffer to exist any Lien on or with respect to any of its Properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file, under the Uniform Commercial Code of any jurisdiction, a financing statement that names the Company or any of its Subsidiaries as debtor, or sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement, or assign any accounts or other right to receive income, except:

(i) Permitted Liens for the Company and its Subsidiaries;

(ii) Liens existing on the date hereof and described on Schedule 5.15 hereto and any replacement, extension or renewal of the indebtedness secured by such Lien; *provided* that the amount of Debt or other obligations secured thereby is not increased and is not secured by any additional assets;

(iii) Liens arising in connection with Capitalized Leases; *provided* that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases and purchase money Liens upon or in real property, equipment or other fixed or capital assets acquired or held by the Company or any of its Subsidiaries to secure the purchase price of such property, equipment or other fixed or capital assets or to secure Debt incurred for the purpose of financing the acquisition, construction or improvement of any such property, equipment or other fixed or capital assets, or Liens existing on any such property, equipment or other fixed or capital assets at the time of acquisition, or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; *provided* that no such Lien shall extend to or cover any property other than the property, equipment or other fixed or capital assets being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any

property not theretofore subject to the Lien being extended, renewed or replaced; and *provided*, that the aggregate principal amount of the Debt secured by Liens permitted by this clause (iii) shall not exceed $50,000,000 at any time outstanding; and

(iv) the Company or any of its Subsidiaries may create or assume any other Lien securing Debt if, after giving effect to such Debt, the Priority Obligations Amount does not exceed 15% of the Consolidated Net Tangible Assets; *provided, however,* that if the Company or any of the Subsidiaries cannot or does not wish to comply with the restrictions set forth in this Section 10(a)(iv), then, as conditions to such non-compliance, (x) (A) a Senior Financial Officer shall provide a certificate to all holders of Notes describing in reasonable detail such non-compliance and the Debt to be secured by such Lien (including details of such Lien) and (B) the Company and/or such Subsidiary shall make, or cause to be made, effective a provision whereby the Notes will be equally and ratably secured with the Debt with respect to which there is non-compliance with the limitation on Liens set forth in this Section 10(a)(iv), such security to be pursuant to an agreement reasonably satisfactory to the Required Holders and, in any such case, the holders of Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of the Notes may be entitled under applicable law, of an equitable Lien on such property and (y) the holders of the Notes shall have received a favorable opinion of counsel reasonably satisfactory to the Required Holders with respect thereto.

(b) *Debt of Non-Guarantor Subsidiaries*. In the case of any Non-Guarantor Subsidiary, create, incur, assume or suffer to exist any Debt, unless if after giving effect to such Debt, the Priority Obligations Amount does not exceed 15% of the Consolidated Net Tangible Assets.

(c) *Change in Nature of Business.* Make any material change in the nature of the Company's business as carried on at the date hereof.

(d) *Mergers, Etc.* Merge into or consolidate with any Person or permit any Person to merge into it, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Company may merge into or consolidate with the Company; *provided* that the Company is the continuing or surviving Person;

(ii) any Subsidiary of the Company may merge into or consolidate with any other Subsidiary of the Company; *provided* that, in the case of any such merger or consolidation to which a Guarantor is a party, the Person formed by such merger or consolidation shall be a Guarantor;

(iii) any Subsidiary of the Company may be liquidated or dissolved if the Company determines in good faith that such liquidation or dissolution is in the best interest of the Company and is not materially disadvantageous to the holders of the Notes; and

(iv) any Subsidiary of the Company may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; *provided* that the Person surviving such merger shall be a Subsidiary of the Company;

provided, however, that in each case, immediately before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

(e) *Sales, Etc., of Assets.* Dispose of, in one transaction or in a series of transactions, all or substantially all of its assets during any Fiscal Year, except:

(i) in a transaction authorized by Section 10(d); and

(ii) Dispositions of assets among the Company and its Subsidiaries.

(f) *Restricted Payments.* Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such or make any payment on any Debt owing to its direct or indirect parent (or any equity owner thereof) or any Affiliate thereof (other than payments on the Notes and indebtedness under the New Credit Facility) (any of the foregoing, a "Restricted Payment"), or permit any of its Subsidiaries to do any of the foregoing, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Company or to issue or sell any Equity Interests therein, except that, (i) any Subsidiaries may make Restricted Payments to the Company and (ii) so long as no Default or Event of Default has occurred and is continuing and the Company is in pro forma compliance with Section 10(i) after giving effect to such Restricted Payments, (A) the Company may make distributions to its direct parent or parents, (currently Energy Transfer Interstate Holdings, LLC, a Delaware limited liability company), and (B) the Company may repay any unsecured Debt owing to its direct or indirect parent (or any equity owner thereof) or any Affiliate thereof.

(g) *Sales and Leasebacks.* Enter into any arrangement with any Person (other than Subsidiaries of the Company) providing for the leasing by the Company or any Subsidiary of real or personal property that has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Company or such Subsidiary (each a "Sale Leaseback Transaction"), unless if after giving effect to such Sale Leaseback Transaction, the Priority Obligations Amount does not exceed 15% of the Consolidated Net Tangible Assets.

(h) *Use of Proceeds.* Use the proceeds of any Notes for any purpose other than for purposes set forth in Section 5.14.

(i) *Debt/Capitalization Ratio.* Permit the Debt/Capitalization Ratio as of the last day of any fiscal quarter of the Company to be greater than 65%.

(j) *Intercompany Debt*. Incur any Debt owed to the Company's direct or indirect parent (or any equity owner thereof) or any Affiliate thereof unless (A) such Debt is unsecured, (B) both immediately before and immediately after the incurrence of such Debt the Company is in compliance with Section 9(g) and Section 10(i) and (C) the documentation evidencing such Debt specifically includes the subordination provisions, in enforceable form, set forth in Schedule C as to which provisions both the lender(s) of such Debt and the Company shall be bound. The Company will promptly after execution thereof provide a copy of such documentation to each holder of a Note. No amendment or modification to Schedule C shall be entered into without the prior written consent of the Company and the holders of more than 90% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any Restricted Persons).

(k) *Terrorism Sanctions Regulations*. The Company will not and will not permit any Subsidiary to (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engage in any dealings or transactions with any such Person.

Section 11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) any representation or warranty made by the Company or its Subsidiaries (or any of its officers or Responsible Officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(d) the Company shall fail to perform or observe any term, covenant or agreement contained in Section 7.1(d), Section 9(d) and Section 10; or

(e) the Company or its Subsidiaries shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(e)); or

(f) the Company or any of its Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Debt (other than Debt of the type described in (i) clause (g) of the definition thereof or (ii) clause (h) of the definition thereof to the extent no demand for payment has been made on the Company or any of its Subsidiaries with respect to such Contingent Obligations) or any Hedge Agreements of the Company or such Subsidiary (as the case may be) that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least $50,000,000 either individually or in the

aggregate for the Company and all such Subsidiaries (but excluding Debt outstanding under the Notes), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise but other than as a result of the consequences, if any, of a Change of Control under the New Credit Facility), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature (other than, in each case, as a result of the consequences, if any, of a Change of Control under the New Credit Facility); or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than a required prepayment or redemption under the New Credit Facility or under any "due on sale" provision of any secured Debt, except as a result of a default or event of default thereunder), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt (unless required under the New Credit Facility or under any "due on sale" provision of any secured Debt, except as a result of a default or event of default thereunder) shall be required to be made, in each case prior to the stated maturity thereof (other than, in each case, as a result of the consequences, if any, of a Change of Control under the New Credit Facility); or

(g) (i) the Company, any Subsidiary of the Company or any ETP Holding Company shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against the Company, any Subsidiary of the Company or any ETP Holding Company seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or (iii) the Company, any Subsidiary of the Company or any ETP Holding Company shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(h) any judgments or orders, either individually or in the aggregate, for the payment of money in excess of $50,000,000 shall be rendered against the Company or any of its Subsidiaries and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; *provided, however*, that any such judgment or order shall not give rise to an Event of Default under this paragraph (h) if and for so long as (i) the amount of such judgment or order is covered by a valid and binding surety bond or policy of insurance between the defendant and the insurer and (ii) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment or order; or

(i) any Loan Document shall for any reason cease to be valid and binding on or enforceable against any party thereto, or any such party shall so state in writing; or

(j) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Company or its Subsidiaries and the ERISA Affiliates related to such ERISA Event) could reasonably be expected to have a Material Adverse Effect and (i) demand by the PBGC is made against the Company or any of its Subsidiaries for the payment of such Insufficiency, and such Insufficiency is not satisfied within 60 days of such demand or, if earlier, the date stated in the demand or (ii) a lien is imposed on the Company or any of its Subsidiaries in connection with the failure to pay such Insufficiency, and such Insufficiency is not satisfied within 60 days; or

(k) the Company or any of its Subsidiaries or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Company and its Subsidiaries and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount, which could reasonably be expected to have a Material Adverse Effect.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in Section 11(g)(i) or Section 11(g)(ii) has occurred and is continuing, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or Section 11(b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable Law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties

hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by Law or otherwise.

Section 12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or Section 12.1(c), Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable Law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder’s rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys’ fees, expenses and disbursements.

Section 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes.

Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of the Note of such series originally issued hereunder. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, *provided*, that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000, *provided*, *further*, that no holder shall transfer (other than to a Subsidiary or other Affiliate of such holder) Notes if such transfer causes such holder, its Subsidiaries and other Affiliates of such holder, taken as a whole, to own less than $1,000,000 in aggregate principal amount of Notes (unless such transfer causes such holder, its Subsidiaries and other Affiliates of such holder, taken as a whole, to Dispose of all the Notes owned by any of them).

Section 13.3. Replacement of Notes.

Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

Section 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be at such place the Company may at any time, by notice specify to each holder of a Note, so long as such place of payment shall be either the principal office of the Company in New York, New York or the principal office of a bank or trust company in New York, New York.

Section 14.2. Home Office Payment.

So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

Section 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions (including reasonable fees, charges and disbursements of the Purchasers' special counsel incurred on and after the date of the Closing with respect to preparation and delivery of closing document sets and binders for the transactions contemplated hereby to the holders of Notes and other Persons) and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any of its Subsidiaries or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

Section 15.2. Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of either this Agreement or the Notes, and the termination of this Agreement.

Section 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or thereof may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any holder of Notes unless consented to by such holder of Notes in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation*. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent by the Company in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding so long as such holder consents to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent made pursuant to this Section 17 by a holder of Notes that has transferred or has agreed to transfer its Notes to the Company or any Restricted Person and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any Restricted Persons shall be deemed not to be outstanding.

Section 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of President and Chief Operating Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

Section 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements,

certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable Law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

Section 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any of its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any of its Subsidiaries or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and

to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

Section 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

Section 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.6 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms.

All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

Section 22.4. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by Law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, Etc.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company and each of the Purchasers irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable Law, the Company and each of the Purchasers, irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. Each Purchaser consents to process being served by or on behalf of the Company in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which the Company shall then have been notified pursuant to said Section. The Company and each of the Purchasers agree that such respective service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable Law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by Law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

Section 22.9. For Georgia Investors.

These Notes will be issued and sold in reliance on paragraph 13 of Code Section 10-5-9 of the "Georgia Securities Act of 1973," and may not be sold or transferred except in a transaction which is exempt under such Act or pursuant to an effective registration under such Act.

[*Remainder of Page Intentionally Left Blank*]

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

TRANSWESTERN PIPELINE COMPANY, LLC

By: /s/ Richard N. Marshall
Name: Richard N. Marshall
Title: Vice President and Treasurer

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER:	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED:	
	SERIES 1	$
	SERIES 2	$
	SERIES 3	$

(1) All payments by wire transfer of immediately available funds to:

with sufficient information to identify the source and application of such funds.

(2) All notices of payments and written confirmations of such wire transfers:

(3) All other communications:

(4) Tax Identification Number:

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"**Agreement**" means that certain Note Purchase Agreement, dated as of May 24, 2007 between the Company and the Purchasers.

"**Agreement Value**" means, for each Hedge Agreement, on any date of determination, an amount equal to all obligations thereunder (including the amount of any termination payments that would be payable on such date if the Hedge Agreement were terminated).

"**Anti-Terrorism Order**" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"**Asset Sale**" means a sale, lease, transfer or other deposition by the Company or any of its Subsidiaries to any Person (other than the Company or any of its Subsidiaries), in one transaction or in a series of transactions, of any of its assets, other than (a) the sale of pipeline capacity or natural gas or inventory in the ordinary course of business, (b) the sale of surplus, obsolete or worn-out equipment, vehicles or other property in the ordinary course of business, (c) the lease or sublease of any property in the ordinary course of business, (d) the voluntary termination of any Hedge Agreement, (e) the sale or discount of accounts receivable in the ordinary course of business in connection with the compromise or collection thereof, and (f) the disposition of all or substantially all of its assets in a manner permitted pursuant to Section 10(e)(i) or Section 10(e)(ii).

"**Attributable Indebtedness**" means, with respect to any Sale Leaseback Transaction, the present value (discounted at the rate set forth or implicit in the terms of the lease included in such Sale Leaseback Transaction) of the total obligations of the lessee for rental payments (other than amounts required to be paid on account of taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights) during the remaining term of the lease included in such Sale Leaseback Transaction (including any period for which such lease has been extended). In the case of any lease that is terminable by the lessee upon payment of a penalty, the Attributable Indebtedness shall be the lesser of the Attributable Indebtedness determined assuming termination on the first date such lease may be terminated (in which case the Attributable Indebtedness shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date on which it may be so terminated) or the Attributable Indebtedness determined assuming no such termination.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"**Capitalized Leases**" means, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time.

"**CERCLIS**" means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

"**Change of Control**" means the occurrence of any of the following events: (a) the failure of one or more ETP Entities to directly own, individually or collectively, more than 50% of the Equity Interests in the Company, (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person (or syndicate or group of Persons which are deemed a "person" for the purposes of Section 13(d) and Section 14(d)(2) of the Securities Exchange Act of 1934, as amended) of more of the Equity Interests in Energy Transfer Interstate Holdings, LLC than the ETP Entities, or (c) the failure Energy Transfer Interstate Holdings, LLC to own, directly or indirectly, 100% of the Equity Interests in the Company.

"**Closing**" has the meaning assigned to that term in Section 3 of this Agreement.

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time.

"**Company**" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"**Company Offer Notice**" has the meaning assigned to that term in Section 8.4(b) of this Agreement.

"**Confidential Information**" has the meaning assigned to that term in Section 20 of this Agreement.

"**Consolidated**" refers to the consolidation of accounts in accordance with GAAP.

"**Consolidated Net Tangible Assets**" means, at any date of determination, the total amount of assets of the Company and its Subsidiaries after deducting therefrom:

(a) all current liabilities (excluding (i) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (ii) current maturities of Long-Term Debt); and

(b) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets,

all as set forth on the Consolidated balance sheet of the Company and its Subsidiaries for the Company's most recently completed fiscal quarter, prepared in accordance with GAAP.

"**Consolidated Total Capitalization**" means, at any time, an amount equal to the sum of (a) Consolidated Debt for Borrowed Money of the Company and its Subsidiaries at such time *plus* (b) an amount equal to the sum of all amounts which, in accordance with GAAP, would be included under members' equity on a Consolidated balance sheet of the Company and its Subsidiaries.

"**Contingent Obligation**" means, with respect to any Person, any Obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or other payment Obligations ("**primary obligations**") of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the Obligation of a primary obligor, (b) the Obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement (other than in the ordinary course of business and not in connection with a financing transaction of such Person) or (c) any Obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"**Control Event**" means:

(i) the execution by the Company, any of the ETP Entities or any other Person (which has notified the Company) of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change of Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change of Control, or

(iii) the making of any written offer by any person (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the date of a Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of a Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change of Control; provided, however, that this clause (iii) shall only be applicable when the Company has a class of equity securities registered pursuant to Section 12 of the Exchange Act.

"**Debt**" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Obligations of such Person as lessee under Capitalized Leases, (f) all Obligations of such Person under acceptance, letters of credit or other similar arrangements or credit support facilities, (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends, (h) all Contingent Obligations of such Person in respect of the types of Debt described in clauses (a) through (g) above and (i) all indebtedness and other payment Obligations referred to in clauses (a) through (h) above of another Person 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 (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment Obligations.

"**Debt for Borrowed Money**" of any Person means, at any date of determination, all Debt of such Person (other than Debt referred to in clause (g) of the definition thereof).

"**Debt/Capitalization Ratio**" means, as of any date of determination, the ratio of (a) the aggregate amount of outstanding Consolidated Debt for Borrowed Money of the Company and its Subsidiaries as of such date to (b) Consolidated Total Capitalization of the Company and its Subsidiaries as of such date.

"**Default**" means the occurrence and continuance of an event, which with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"**Default Rate**" means that rate of interest that is the greater of (i) 2.0% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2.0% over the rate of interest publicly announced by JPMorgan Chase Bank in New York, New York, as its "base" or "prime" rate.

"**Disclosure Documents**" has the meaning assigned to that term in Section 5.3 of this Agreement.

"**Dispose**" or "**Disposition**" means a sale, lease, transfer or other disposition.

"**Environmental Action**" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any Governmental Authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"**Environmental Law**" means any Federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"**Environmental Permit**" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"**Equity Interests**" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"**ERISA Affiliate**" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of the Company or any of its Subsidiaries, or under common control with the Company or any of its Subsidiaries, within the meaning of Section 414(b), (c), (m), or (o) of the Internal Revenue 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 Internal Revenue Code or Section 302 of ERISA), which remains unsatisfied; (c) the filing pursuant to Section 412(d) of the Internal Revenue Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan which is pending; (d) the incurrence by the Company 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 Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice of proceedings to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company 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 Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, imposing Withdrawal Liability or determining that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"**ETP**" means Energy Transfer Partners, L.P., a Delaware limited partnership.

"**ETP Entities**" means, collectively, ETP and its Affiliates.

"**ETP Holdco**" means Energy Transfer Interstate Holdings, LLC, a Delaware limited liability company.

"**ETP Holding Company**" means any direct or indirect Subsidiary of ETP or its parent company that directly or indirectly holds more than 50% of the Equity Interests in the Company.

"**Event of Default**" has the meaning assigned to that term in Section 11 of this Agreement.

"**Excess Cash Proceeds**" has the meaning assigned to that term in Section 8.3(d) of this Agreement.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Existing NPA**" has the meaning assigned to that term in Schedule 5.15 of this Agreement.

"**Fiscal Year**" means (a) a fiscal year of the Company and its Consolidated Subsidiaries ending on December 31, or (b) if the Company notifies the Holders in writing that the Company has changed its fiscal year to August 31, thereafter a fiscal year of the Company and its Consolidated Subsidiaries ending on August 31.

"**GAAP**" means those generally accepted accounting principles as in effect from time to time in the United States of America.

"**Governmental Authority**" means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign, exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Governmental Authorization**" means any authorization, approval, consent, franchise, license, covenant, order, ruling, permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification or registration with, any Governmental Authority.

"**Guarantor**" means any Subsidiary of the Company that enters into a Subsidiary Guaranty.

"**Hazardous Materials**" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"**Hedge Agreements**" means interest rate, commodity or currency swap, cap or collar agreements, future or option contracts and other hedging agreements (including, without limitation, all "swap agreements" as defined in 11 U.S.C. § 101).

"**Institutional Investor**" means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) $1,000,000 or more in aggregate principal amount of either the Series 1 Notes, the Series 2 Notes or the Series 3 Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"**Insufficiency**" means, with respect to any Plan, the amount, if any, by which its benefit liabilities, as defined in Section 4001(a)(16) of ERISA, determined using the actuarial assumptions used for funding purposes in the most recent actuarial report prepared for such Plan, exceeds the fair market value of such Plan's assets.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"**Law**" means any foreign, federal, state, local (including municipal) or other statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise (including any judicial or administrative order, consent decree, judgment, awards, injunction, determination, or writ to which the Company or any of its Subsidiaries is a party).

"**Leased Real Property**" has the meaning assigned to that term in Section 5.10 of this Agreement.

"**Lien**" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"**Loan Agreement**" has the meaning assigned to that term in Schedule 5.15 of this Agreement.

"**Loan Documents**" means this Agreement, the Notes and any Subsidiary Guaranty.

"**Long-Term Debt**" means any Debt that, in accordance with GAAP, constitutes (or, when incurred, constituted) a long-term liability.

"**Make-Whole Amount**" has the meaning assigned to that term in Section 8.8 of this Agreement.

"**Material**" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, financial condition or assets of the Company and its Subsidiaries, taken as a whole, (b) the ability of any party to any Loan Documents to perform their obligations thereunder or (c) the validity or enforceability of any Loan Documents or the rights and remedies of the Purchasers.

"**Memorandum**" has the meaning assigned to that term in Section 5.3 of this Agreement.

"**Multiemployer Plan**" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company and its Subsidiaries or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"**Multiple Employer Plan**" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company and its Subsidiaries or any ERISA Affiliate and at least one Person other than the Company and its Subsidiaries and the ERISA Affiliates or (b) was so maintained and in respect of which the Company and its Subsidiaries or any ERISA Affiliate could reasonably be expected to have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"**NAIC**" means the National Association of Insurance Commissioners or any successor thereto.

"**Net Cash Proceeds**" means, with respect to any Asset Sale, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) in connection with such transaction after deducting therefrom only (without duplication) (i) all out-of-pocket costs and expenses of the Company incurred in connection with such transaction, including any brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions, (ii) the amount of taxes payable in connection with or as a result of such transaction and (iii) the amount of any Debt secured by a Lien on such asset that, by the terms of the agreement or instrument governing such Debt, is required to be repaid upon such disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of the Company or a Restricted Person and are properly attributable to such transaction or to the asset that is the subject thereof; *provided, however*, that in the case of taxes that are deductible under clause (ii) above but for the fact that, at the time of receipt of such cash, such taxes have not been actually paid or are not then payable,

the Company or its Subsidiaries may deduct an amount (the "**Reserved Amount**") equal to the amount reserved in accordance with GAAP for the Company's or its Subsidiaries reasonable estimate of such taxes, other than taxes for which the Company or such Subsidiary is indemnified, *provided further, however*, that, at the time such taxes are paid, an amount equal to the amount, if any, by which the Reserved Amount for such taxes exceeds the amount of such taxes actually paid shall constitute "Net Cash Proceeds" of the type for which such taxes were reserved for all purposes hereunder.

"**New Credit Facility**" means any unsecured credit facility entered into at any time and from time to time after the date hereof (provided, that immediately before and after giving effect thereto there is no Default under Section 10(i) of this Agreement) pursuant to which the Company incurs unsecured debt for borrowed money from commercial banks or other institutional lenders, or any refinancing or replacement thereof.

"**Non-Guarantor Subsidiary**" has the meaning assigned to that term in Section 9(h) of this Agreement.

"**Notes**" has the meaning assigned to that term in Section 1(ii) of this Agreement.

"**NPL**" means the National Priorities List under CERCLA.

"**Obligation**" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 5.8. Without limiting the generality of the foregoing, the Obligations of the Company or any of its Subsidiaries under the Loan Documents include the obligation to pay principal, interest, premium (including any Make-Whole Amount), charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by the Company or any of its Subsidiaries under any Loan Document.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by a Responsible Officer of such Person.

"**PBGC**" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any successor.

"**Permitted Liens**" means any of the following Liens:

(a) Any Lien:

(i) arising by reason of deposits with or the giving of any form of security to any governmental agency or any other governmental body created or approved by law or governmental regulation for any purpose at any time in connection with the financing of the acquisition or construction of property to be used in the business of the Company or a Subsidiary of the Company;

(ii) for current taxes and assessments or not at the time delinquent and for which adequate reserves have been established to the extent required by GAAP; or

(iii) for taxes and assessments which are delinquent but the validity of which is being contested at the time by the Company or a Subsidiary of the Company in good faith and by appropriate proceedings and for which adequate reserves have been established to the extent required by GAAP;

(b) Leases, whether now or hereafter existing, in the ordinary course of business, of property and assets now and hereafter owned by the Company or any of its Subsidiaries (excluding Capitalized Leases) and any renewals or extensions thereof;

(c) Liens reserved in leases, or arising by operation of law, for rent and for compliance with the terms of the lease in the case of the leasehold estates;

(d) Liens arising by reason of deposits with or the giving of any form of security to any governmental agency or any other governmental body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Company or its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security or to share in the privileges or benefits required for companies participating in such arrangements;

(e)(i) Mechanics', materialmen's, warehousemen's, landlord's or similar Liens or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance or social security legislation, (ii) good faith deposits or downpayments in connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), including contracts for the acquisition of machinery and equipment, (iii) deposits to secure public or statutory obligations, (iv) deposits to secure or in lieu of surety, stay or appeal bonds, (v) margin deposits (*provided* that all such margin deposits shall not exceed $2,000,000 in the aggregate at any time) and (vi) deposits as security for the payment of taxes or assessments or other similar charges;

(f) Liens of any judgments not constituting an Event of Default under Section 11(h);

(g) Any obligation or duties, affecting the property of the Company or its Subsidiaries, to any municipality or governmental, statutory or other public authority with respect to any franchise, grant, lease, license, permit or similar arrangement with such authority;

(h) Rights reserved to or vested in any municipality or governmental, statutory or other public authority by the terms of any right, power, franchise, grant, license or permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit;

(i) Rights reserved to or vested in any municipality or governmental, statutory or other public authority to control or regulate any property of the Company or its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purpose for which it is held by the Company or such Subsidiaries;

(j) Zoning laws and ordinances;

(k) Restrictive covenants, easements on, exceptions to or reservations in respect of any property of the Company or its Subsidiaries granted or reserved for the purpose of electric lines, fiber optic lines, water and sewer lines, pipelines, other utilities, roads, streets, alleys, highways, railroad purposes, the removal of oil, gas, hydrocarbon, coal or other minerals, and other like purposes, or for the use of real property or interests therein, facilities and equipment, which do not materially impair the use thereof for the purposes for which it is held by the Company or such Subsidiaries, and any and all rents, royalties, reservations, Liens and rights or interests of third parties, in each case not securing any Debt, arising in the ordinary course of business of the Company or its Subsidiaries by virtue of any lease or exploration, development, drilling, unitization, communitization or operating agreement relating to or affecting any oil, gas, hydrocarbon, coal or other mineral properties in which the Company or any of its Subsidiaries has an interest;

(l) Defects or irregularities of title, and inaccuracies of legal descriptions, affecting any portion of the property of the Company or any of its Subsidiaries that individually or in the aggregate do not materially interfere with the operation, value of use of the properties of the Company or such Subsidiaries taken as a whole;

(m) Liens securing Debt with respect to Debt of any Person that becomes a Subsidiary of the Company, provided that such Liens were in existence prior to the date on which such Person becomes a Subsidiary of the Company and were not created in contemplation of such Person becoming a Subsidiary of the Company;

(n) Liens on any office equipment, data processing equipment (including computer and computer peripheral equipment), or motor vehicles purchased in the ordinary course of the Company’s business; and

(o) Liens created in the ordinary course of business and not in connection with the incurrence of secured Debt in favor of banks and other financial institutions constituting a right of set-off over credit balances or any bank accounts of the Company or any of its Subsidiaries held at such banks or financial institutions.

"**Person**" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"**Plan**" means a Single Employer Plan or a Multiple Employer Plan, as the context may require.

"**Preferred Interests**" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"**Priority Obligations Amount**" means the sum (without duplication) of (i) all Attributable Indebtedness with respect to any Sale Leaseback Transaction entered into by the Company or any of its Subsidiaries, (ii) all Debt of the Company or any of its Subsidiaries secured by a Lien (other than Liens permitted by clauses (i) through (iii) of Section 10(a)) and (iii) all Debt of Non-Guarantor Subsidiaries (other than Debt owed to the Company or another Subsidiary).

"**Property**" means any right or interest in or to assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"**Proposed Asset Sale Prepayment Date**" has the meaning assigned to that term in Section 8.3(b) of this Agreement.

"**Proposed Change of Control Prepayment Date**" has the meaning assigned to that term in Section 8.4(c) of this Agreement.

"**PUHCA**" means the United States Public Utility Holding Company Act of 2005, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"**Purchaser**" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"**Qualified Institutional Buyer**" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"**Redeemable**" means, with respect to any Equity Interest, any Debt or any other right or Obligation, any such Equity Interest, Debt, right or Obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"**Regulation U**" has the meaning assigned to that term in Section 5.14 of this Agreement.

"**Related Fund**" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"**Required Holders**" means, at any time, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any Restricted Persons). Unless the context otherwise clearly requires, any reference to the "Required Holders" is a reference to the Required Holders of all of the Notes.

"**Responsible Officer**" means any Senior Financial Officer and any other officer of the Company or its Subsidiaries, as applicable, with responsibility for the administration of the relevant portion of this Agreement.

"**Restricted Payment**" has the meaning assigned to that term in Section 10(f) of this Agreement.

"**Restricted Persons**" means any (i) Person that owns or otherwise controls, directly or indirectly, more than fifteen percent (15%) of the Equity Interests of the Company and any such Person's Subsidiaries or other Affiliates, and/or (ii) Person that is an Affiliate of the Company.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"**Sale Leaseback Transaction**" has the meaning assigned to that term in Section 10(g) of this Agreement.

"**SEC**" means the United States Securities and Exchange Commission, or any successor thereto.

"**Securities**" or "**Security**" shall have the meaning specified in Section 2(1) of the Securities Act.

"**Securities Act**" means the United States Securities Act of 1933, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder from time to time in effect.

"**Senior Financial Officer**" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"**Series 1 Notes**" has the meaning assigned to that term in Section 1 of this Agreement.

"**Series 2 Notes**" has the meaning assigned to that term in Section 1 of this Agreement.

"**Series 3 Notes**" has the meaning assigned to that term in Section 1 of this Agreement.

"**Single Employer Plan**" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Company or any of its Subsidiaries or any ERISA Affiliate and no Person other than the Company and any of its

Subsidiaries and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any of its Subsidiaries or any ERISA Affiliate could reasonably be expected to have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"**Stated Maturity Date**" means (a) with respect to the Series 1 Notes, May 24, 2017, (b) with respect to the Series 2 Notes, May 24, 2022, and (b) with respect to the Series 3 Notes, May 24, 2037.

"**Subsidiary**" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such Person (irrespective of whether at the time capital stock of any other class or classes of such Person shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"**Subsidiary Guaranty**" means each guaranty entered into, pursuant to Section 9(h), by a Subsidiary of the Company, substantially in form and substance reasonably acceptable to, and approved by, the Required Holders, guaranteeing the obligations of the Company and any other Subsidiary Guarantors under this Agreement and the Notes.

"**SVO**" means the Securities Valuation Office of the NAIC or any successor to such Office.

"**Term Advances**" means any term loans made, from time to time, under the New Credit Facility.

"**USA Patriot Act**" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Voting Interests**" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"**Withdrawal Liability**" has the meaning specified in Section 4201(b) of ERISA.

SCHEDULE C

INTERCOMPANY DEBT SUBORDINATION PROVISIONS

FORM OF SUBORDINATION PROVISION

Subordination. The Subordinated Lender (i.e., any of the Company's direct or indirect parent (s) (or any equity owner thereof) or any Affiliate thereof) and the Company each agrees that the debt created pursuant to this agreement (such debt, the "Subordinated Debt" and this agreement governing the Subordinated Debt, the "Subordinated Debt Agreement") is expressly made and shall be subordinate, to the extent and in the manner hereinafter set forth, in right of payment to the prior due and punctual payment in full of all obligations of the Company now or hereafter existing under the Notes (as defined in the Note Purchase Agreement referred to below), and any other amounts due by the Company in connection with or under the Note Purchase Agreement, dated as of May 24, 2007, (and as the same may be amended, modified or supplemented), among, in each case, the Company and the purchasers party thereto (the "Note Purchase Agreement", and such obligations, the "Obligations"), including but not limited to the principal of, interest (including default interest) on, and any premium on, the Notes and for fees or expenses in connection therewith or under the Note Purchase Agreement (including without limitation interest (including default interest) after the filing of a petition initiating any proceeding with respect to the dissolution, winding up, liquidation, arrangement, reorganization, bankruptcy, insolvency, or receivership of the Company), and whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise. The Obligations shall not be deemed to have been paid in full until (a) all of the Obligations shall have been indefeasibly paid in full and (b) all commitments of the Company under the Note Purchase Agreement have been terminated.

The Subordinated Lender hereby agrees and covenants not to ask, demand, sue for, take or receive from the Company, directly or indirectly in cash or in other property or by set-off or in any other manner (including without limitation from or by way of collateral), payment of all or any of the principal of or interest on (or any other amounts with respect of) the Subordinated Debt, other than solely as payments permitted under, and in compliance with, Section 10(f) of the Note Purchase Agreement (including, in particular, Section 10(f)(ii) thereof) unless and until the Obligations shall have been paid in full, and the Company agrees not to make any such payment. The Company may not make any payments, whether of principal and/or interest and/or other amounts, on the Subordinated Debt unless the Company makes such payments as permitted under and in compliance with Section 10(f) of the Note Purchase Agreement (including, in particular, Section 10(f)(ii) thereof).

Insolvency. In the event of any dissolution, winding up, liquidation, arrangement, reorganization, adjustment, protection, relief or composition of the Company or its debts, whether voluntary or involuntary, in any bankruptcy, insolvency, arrangement, reorganization, receivership, relief or other similar case or proceeding under any federal or state bankruptcy or similar law or upon an assignment for the benefit of creditors or any other marshaling of the assets and liabilities of the Company or otherwise, the holders of the Notes shall be entitled to receive payment in full of the Obligations before the Subordinated Lender is entitled to receive any payment of all or any of such Subordinated Debt, and any payment or distribution of any kind (whether in cash, property or securities) that otherwise would be payable or deliverable upon or with respect to such Subordinated Debt in any such case, proceeding, assignment,

marshaling or otherwise (including any payment that may be payable by reason of any other indebtedness of the Company being subordinated to payment of the Subordinated Debt) shall be paid or delivered directly to the holders of the Notes for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for, the payment or prepayment of the Obligations until the Obligations shall have been indefeasibly paid in full ("Payment in Full").

Payments Received in Trust. All payments or distributions upon or with respect to the Subordinated Debt that are received by the Subordinated Lender contrary to the provisions of this Subordinated Debt Agreement shall be received in trust for the benefit of the holders of the Notes and shall be forthwith paid over to the holders of Notes in the same form as so received (with any necessary endorsement) to be applied to the payment or prepayment of the Obligations.

Senior Default. In the event that (i) any default in the payment of any principal of, interest on or fees relating to any of the Obligations or (ii) any event of default with respect to any of the Obligations shall have occurred and be continuing, then no payment (including any payment that may be payable by reason of any other indebtedness of the Company being subordinated to payment of the Subordinated Debt) shall be made by or on behalf of the Company for or on account of any Subordinated Debt, and the Subordinated Lender shall not take or receive from the Company, directly or indirectly, in cash or other property or by set-off or in any other manner, including, without limitation, from or by way of collateral, payment of all or any of the Subordinated Debt.

Express Third Party Beneficiaries. The Subordinated Lender and the Company agree that the holders of the Notes are express third party beneficiaries of the provisions contained herein.

EXISTING LIENS

1. Expiration of Permits – The following New Mexico State Highway Crossing Permits have expired. These permits are in the process of being renewed.
   a. 30" Loopline
      1. Chaves County – TW Tract No. M-1-L-H
      2. Lincoln County – TW Tract Nos. M-92-L-H and M-97-L-H
      3. Valencia County – TW Tract No. M-165-L-H
      4. Cibola County – TW Tract Nos. M-187-L-H.1, M-187-L-H.2, M-187-L-H.3, M-187-L-H.4, M-187-L-H.5 and M-193-L-H
   b. 24" West Texas Loop – Chaves County – TW Tract Nos. MTL-3-L-H, MTL-5-L-H, MTL-16B-L-H and MTL-66-L-H
   c. 36" West Texas Loop – Eddy County – TW Tract Nos. MTL-81-L-H, MTL-89-L-H and MTL-93-L-H
   d. 36" West Texas Loop – Lea County – TW Tract No. MTL-112-L-H
   e. 12" Atoka Artesia Lateral – Eddy County – TW Tract Nos. MTL-0001-L-10-HX.2 and MTL-0001-L-10-HX.3
   f. 16" Crawford Loop Lateral – Eddy County – TW Tract Nos. MTL-0002-L-20-HX and MTL-0002-L-21-HX.1

2. Rentals in arrears
   a. 16" Keystone Lateral
      1. Winkler County, Texas – TW Tract No. TL-0005-06-RRX.1. Rental last paid to Texas-New Mexico Railway Co. thru 1988 –Successor in title has never been identified despite attempts to do so.
      2. Winkler County, Texas – TW Tract No. TL-0005-06-RRX.2. Rental last paid to Texas-New Mexico Railway Co. thru 1988 –Successor in title has never been identified despite attempts to do so.

3. Right-of-Way Exceptions
   a. 30" Mainline
      1. TW Tract No. M-134A – SW/4 NW/4, Section 22, Township 2 North, Range 5 East, Torrance County, New Mexico. Pipeline traverses property for a distance of 1,548 feet or 0.293 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.
      2. TW Tract No. M-167A – Portion of Belen Grant, Valencia County, New Mexico. Pipeline traverses property for a distance of approximately 4,000 feet or 0.758 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.
      3. TW Tract No. M-236-R – Portion of S/2, Section 3, Township 13 North, Range 12 West, McKinley County, New Mexico. Pipeline traverses property for a distance of 2,878 feet or 0.545 miles. No Easement or permanent Right-of-Way file has been located. The owner in 1959 as reflected on alignment drawing was Electric Plains Railroad Spur; current owner(s) unknown.

b. 30" Loop of Mainline – TW Tract No. M-167A – Portion of Belen Grant, Valencia County, New Mexico. Pipeline traverses property for a distance of approximately 4,008 feet or 0.759 miles. No Easement or permanent Right-of-Way file has been located. Owner(s) unknown.

c. 16" Crawford Lateral Loop – The ROW documents related to the below tracts were mistakenly referenced in a sale to GPM (Assets now owned by Duke Field Services, successor in title). However, TW is still in possession of the ROW documents and is in the process of attempting to have the sale document amended to remove the reference of the below tracts.

1. TW Tract No. MTL-0002-L-01-HX – Road crossing permit (9 rods)
2. TW Tract No. MTL-0002-L-08-RRX – Railroad crossing (13 rods)
3. TW Tract No. MTL-0002-L-07B – Easement (3 rods)
4. TW Tract No. MTL-0002-L-16-HX – Road crossing permit (1 rod)

4. Native American Lands:

a. Navajo Nation Allotment Renewal – As of January 1, 2004, the Company's Grant of Right-of-Way by the U.S. Department of Interior ("DOI"), Bureau of Indian Affairs ("BIA") for a total of approximately forty-four (44) miles of pipeline on a total of sixty-nine (69) Navajo allotments expired. These allotments are lands within the Navajo Nation reservation that are privately held but administered by the BIA. One allottee (Mr. Leon Gibson) has made claims of trespass. The aforementioned allottee's claim of trespass has been settled and his consent has been acquired. The BIA sent a letter dated January 20, 2004, noting certain alleged deficiencies in the Company Application for a Grant of Right-of-Way to renew right-of-way on these allotments and requesting a revised appraisal based on pipeline corridor valuations. The Company has responded that this appraisal methodology is not appropriate. New appraisals have been prepared in the 1st quarter of 2007 in compliance with BIA specifications and a receipt of the Renewal Grant for a 20-year term is expected by the 3rd quarter of 2007.

b. Southern Ute Tribe – the Company received letters dated May 27, 2003 and September 2, 2003 from the law firm of Maynes, Bradford, Shipps & Sheftek, LLP, on behalf of the Southern Ute Tribe ("Tribe") alleging trespass by the Company. The letters referenced a May 19, 2003 resolution by the Tribal Council of the Tribe, which revokes a 1996 resolution that granted the Tribe's Consent to a Partial Assignment by Northwest Pipeline Company ("Northwest") to the Company of certain interests in a 1990 Grant of Easement and Right-of-Way, issued by the Secretary of the Interior through the BIA. An application by the Company for approval of the assignment of this interest from Northwest has been in the possession of the BIA since 1999 with no action taken. The total distance of the right-of-way is approximately 6.6 miles. There is an approximate 3,100-foot "gap" in the description of the right-of-way in the BIA grant. The right-of-way for these 6.6 miles expires in September 2005. In addition, an application is pending with the BIA to renew a meter site and a buried electric cable right-of-way for which the Tribe has previously consented and which consent has not

been revoked. The original right-of-way for the buried cable expired on November 16, 2000. The original right-of-way for the meter site expired on February 21, 2001. Agreement for renewal of right-of way grants, between Southern Ute, Transwestern & Northwest, was concluded on June 14, 2006. A Grant of Easement for the pipeline (including the aforementioned 3,100-foot "gap"), buried cable and meter station was executed by the BIA for a term of 15-years, with an expiration date of September 5, 2020.

c. Laguna Pueblo Allotments – the Company received a letter dated March 19, 2003 from the DOI-BIA on behalf of two private allotments within the boundaries of the Laguna Pueblo, that the Company has been in trespass on these two allotments since December 28, 2002. The Company's right-of-way on these two allotments expired on December 28, 2002. The total distance of the right-of-way is about 5,100 feet. New appraisals have been prepared in compliance with BIA specifications. Negotiations with the 2 allotments are ongoing.

d. Navajo Nation Tribal Lands Renewal – As of January 1, 2004, the Company's grant of right-of-way by the DOI-BIA for a total of approximately 14 acres of land near Thoreau, N.M. expired. The Company is conducting remediation activities on this site. An application for renewal of approximately 7 acres has been submitted. The Navajo Nation is receiving annual payments for the 7 acre remediation site under the same CPI formula as contained in the expired Grant. They have requested that no action be taken on renewal of the Grant for the immediate future.

5. Other mortgages, liens or other encumbrances may exist which have not been subordinated to the title of the Company. For example, the majority of the property rights that were acquired for pipelines are in the nature of easements, and upon taking these easements the fee property may have already been subject to a variety of encumbrances such as a mortgage. The Company may have taken the easement subject to the mortgages and may have not subsequently obtain a subordination from the mortgage company.

6. Encumbrances

a. La Plata Facilities Ownership and Operating Agreement dated November 3, 1995, between Northwest Pipeline Corporation ("Northwest") and the Company. Pursuant to this agreement, which governs the ownership and operation of certain pipeline and compression facilities jointly owned by Northwest and the Company, a party proposing to transfer its ownership interest in the facilities to a third party must give the other party notice of such proposed transfer and the opportunity to match the third-party offer and acquire the ownership interest on the terms set forth in such offer.

b. Construction and Ownership Agreement dated November 18, 1991, among Northwest, the Company and Gas Company of New Mexico ("GCNM"). Pursuant to this agreement, which governs the ownership and operation of certain facilities (commonly referred to as the "Blanco Hub" facilities) jointly owned by Northwest, the Company and GCNM, a party proposing to transfer its ownership interest in the facilities to a third party must give the other parties notice of such proposed transfer and the opportunity to match the third-party offer and acquire the ownership interest on the terms set forth in such offer.

SCHEDULE 5.11

LICENSES, PERMITS, ETC.

Transwestern

Active Trademarks:

- TW Logo — with Flame
  Registration Number: 0734713
  Registered on: July 17, 1962
- "TRANSWESTERN"
  Registration Number: 0750308
  Registered on: May 28, 1963

SCHEDULE 5.15

EXISTING INDEBTEDNESS

1. The Company is obligated to make certain loan principal and interest payments pursuant to the Promissory Note/Intercompany Loan Agreement (the "Loan Agreement"), dated as of January 31, 2007 in the amount of $293.3 million among the Company, as Borrower and Energy Transfer Partners, L.P., the Lender. The Company used the proceeds received from the Loan Agreement to pay certain notes put back to the Company due to the change of control event. The loan will be repaid with proceeds received from the Notes.

   The Loan Agreement is in compliance with the terms of Section 9(g).

2. The Company is obligated to make certain principal and interest payments pursuant to that certain Note Purchase Agreement, dated as of November 17, 2004, as amended by Amendment No. 1 thereto, dated as of April 18, 2007, among the Company and each of the Purchasers party thereto (together, the "Existing NPA"). As of May 24, 2007, the aggregate principal amount of the notes outstanding under the Existing NPA totaled $213,000,000.

Exhibit 1(a)

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1993, AS AMENDED (THE "*SECURITIES ACT*"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED (1) EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

TRANSWESTERN PIPELINE COMPANY, LLC

5.64% SENIOR UNSECURED SERIES 1 NOTE DUE MAY 24, 2017

No. [ ] May 24, 2007

$[ ] PPN 89407# AC2

FOR VALUE RECEIVED, the undersigned, TRANSWESTERN PIPELINE COMPANY, LLC (herein called the "*Company*"), a Delaware limited liability company, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS (or so much thereof as shall not have been prepaid) on May 24, 2017 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.64% per annum from the date hereof, payable semi-annually, on the 24th day of May and November in each year, commencing with the 24th day of November next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at a rate per annum from time to time equal to the greater of (i) 7.64% or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A. from time to time in New York, New York as its "base" or "prime" rate, on any overdue payment of interest and, during the continuance of an Event of Default, on the unpaid balance hereof and on any overdue payment of any Make-Whole Amount, payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand).

Subject to the home office payment obligation contained in Section 14.2 of the Note Purchase Agreement referred to below, payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at such place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series 5.64% Senior Unsecured Series 1 Notes due May 24, 2017 (herein called the "*Notes*") issued pursuant to the Note Purchase Agreement, dated as of May 24, 2007 (as from time to time amended, supplemented or modified, the "*Note Purchase Agreement*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed,

by its acceptance hereof, to have agreed to the confidentiality provision set forth in Section 20 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment and offers of prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and holder hereof shall be governed by, and construed in accordance with, the law of the State of New York.

TRANSWESTERN PIPELINE COMPANY, LLC

By: _____
Name: Jim Holotik
Title: President

Exhibit 1(b)

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED (1) EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

TRANSWESTERN PIPELINE COMPANY, LLC

5.89% SENIOR UNSECURED SERIES 2 NOTE DUE MAY 24, 2022

No. [ ] May 24, 2007

$[ ] PPN 89407# AD0

FOR VALUE RECEIVED, the undersigned, TRANSWESTERN PIPELINE COMPANY, LLC (herein called the "*Company*"), a Delaware limited liability company, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS (or so much thereof as shall not have been prepaid) on May 24, 2022 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.89% per annum from the date hereof, payable semi-annually, on the 24th day of May and November in each year, commencing with the 24th day of November next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at a rate per annum from time to time equal to the greater of (i) 7.89% or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A. from time to time in New York, New York as its "base" or "prime" rate, on any overdue payment of interest and, during the continuance of an Event of Default, on the unpaid balance hereof and on any overdue payment of any Make-Whole Amount, payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand).

Subject to the home office obligation contained in Section 14.2 of the Note Purchase Agreement referred to below, payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at such place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series 5.89% Senior Unsecured Series 2 Notes due May 24, 2022 (herein called the "*Notes*") issued pursuant to the Note Purchase Agreement, dated as of May 24, 2007 (as from time to time amended, supplemented or modified, the "*Note Purchase Agreement*"), between the company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed,

by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment and offers of prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and holder hereof shall be governed by, and construed in accordance with, the law of the State of New York.

TRANSWESTERN PIPELINE COMPANY, LLC

By: _____
Name: Jim Holotik
Title: President

Exhibit 1(c)

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED (1) EXCEPT IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

TRANSWESTERN PIPELINE COMPANY, LLC
6.16% SENIOR UNSECURED SERIES 3 NOTE DUE MAY 24, 2037

No. [ ] May 24, 2007
$[ ] PPN 89407# AE8

FOR VALUE, RECEIVED, the undersigned, TRANSWESTERN PIPELINE COMPANY, LLC (herein called the "*Company*"), a Delaware limited liability company, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS (or so much thereof as shall not have been prepaid) on May 24, 2037 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 6.16% per annum from the date hereof, payable semi-annually, on the 24th day of May and November in each year, commencing with the 24th day of November next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at a rate per annum from time to time equal to the greater of (i) 8.16% or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A. from time to time in New York, New York as its "base" or "prime" rate, on any overdue payment of interest and, during the continuance of an Event of Default, on the unpaid balance hereof and on any overdue payment of any Make-Whole Amount, payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand).

Subject to the home office payment obligation contained in Section 14.2 of the Note Purchase Agreement referred to below, payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at such place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series 6.16% Senior Unsecured Series 3 Notes due May 24, 2037 (herein called the "*Notes*") issued pursuant to the Note Purchase Agreement, dated as of May 24, 2007 (as from time to time amended, supplemented or modified, the "*Note Purchase Agreement*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed,

by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment and offers of prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and holder hereof shall be governed by, and construed in accordance with, the law of the State of New York.

TRANSWESTERN PIPELINE COMPANY, LLC

By _____
Name: Jim Holotik
Title: President

Exhibit 4.4(a)

Vinson&Elkins

May 24, 2007

To each of the Purchasers listed on
Schedule I hereto (the "Purchasers")

Re: Purchase of $82,000,000 aggregate principal amount of 5.64% Senior Unsecured Series 1 Notes due May 24, 2017, $150,000,000 aggregate principal amount of 5.89% Senior Unsecured Series 2 Notes due May 24, 2022 and $75,000,000 aggregate principal amount of 6.16% Senior Unsecured Series 3 Notes due May 24, 2037 (collectively, the "Notes") pursuant to the Note Purchase Agreement dated as of May 24, 2007, among Transwestern Pipeline Company, LLC, a Delaware limited liability company, and the Purchasers (the "Note Purchase Agreement").

Ladies and Gentlemen:

We have acted as counsel for Transwestern Pipeline Company, LLC, a Delaware limited liability company organized under the laws of the State of Delaware (the "Company"), in connection with the purchase by the Purchasers of Notes issued by the Company, pursuant to the Note Purchase Agreement, as defined above, among the Company and the Purchasers. This opinion letter is furnished to you pursuant to Section 4.4(a) of the Note Purchase Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings assigned to such terms in the Note Purchase Agreement

In rendering the opinions set forth below, we have reviewed an execution copy of the following documents and instruments:

(i) the Note Purchase Agreement;

(ii) the Notes;

(iii) the Certificate of Conversion of the Company issued by the Secretary of the State of Delaware;

(iv) the Certificate of Formation of the Company issued by the Secretary of the State of Delaware;

(v) resolutions duly adopted by the sole member of the Company by written consent dated May 21, 2007;

(vi) the Amended and Restated Limited Liability Company Agreement of the Company; and

(vii) certificate of good standing issued by the Secretary of the State of Delaware for the Company.

The documents listed in clauses (i) and (ii) above are referred to herein as the "Transaction Documents". Additionally, in rendering the opinions set forth below, we have reviewed such other records, certificates and documents as we have deemed appropriate for the purposes of such opinions. As to any facts material to our opinions, we have made no independent investigation of such facts and have relied, to the extent that we deem such reliance proper, upon statements of public officials and officers or other representatives of the Company and on the representations and warranties set forth in the Transaction Documents. As to any facts material to our opinions, we have made no independent investigation of such facts and have relied, to the extent that we deem such reliance proper, upon statements of public officials and officers or other representatives of the Company and on the representations and warranties set forth in the Transaction Documents.

In rendering the opinions expressed below, we have assumed the legal capacity of all natural persons, the genuineness of all signatures (except those of the Company), the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies, which assumptions we have not independently verified. In addition, we have assumed that (i) each party to the Transaction Documents (each, a "Transaction Party"), other than the Company, is a corporation, partnership, limited liability company or other entity duly organized and validly existing under the laws of the jurisdiction of its organization; (ii) each Transaction Party, other than the Company, has full power and authority (corporate, partnership, limited liability company or otherwise) to execute, deliver and perform its obligations under the Transaction Documents to which it is a party; (iii) each Transaction Document has been duly executed and delivered by each Transaction Party, other than the Company, that is a party thereto; (iv) the execution, delivery and performance by each Transaction Party, other than the Company, of the Transaction Documents to which it is a party have been duly authorized by all necessary action (corporate, partnership, limited liability company or otherwise) and do not contravene the bylaws or other constituent documents of such Transaction Party; (v) the execution, delivery and performance by each Transaction Party of the Transaction Documents to which it is a party do not contravene any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to any of them (except that we have not made such assumption with respect to Applicable Laws (as defined below), applicable to the Company, as to which we express our opinions in paragraph 5(b); (vii) no authorization, approval, consent, order, license, franchise, permit or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required for the due execution, delivery and performance by each Transaction Party of the Transaction Documents to which it is a party that has not been duly obtained or made and that is not in full force and effect (except that we have not made such assumption with respect to Governmental Approvals (as defined below) required to be obtained or taken by

the Company as to which we express our opinion in paragraph 6); and (viii) the Transaction Documents constitute valid, binding and enforceable obligations of each party thereto (other than the Company). With respect to certain of the foregoing matters as they relate to the Company, please refer to the opinion letter, dated as of the date hereof, delivered to you by Thomas P. Mason, General Counsel of Energy Transfer Partners, L.P., a Delaware limited partnership and the indirect owner of all of the equity interests of the Company.

Based upon the foregoing, and subject to the assumptions, qualifications, exceptions and limitations set forth herein, it is our opinion that:

1. The Company is validly existing and is in good standing under the laws of the State of Delaware. The Company is duly qualified to do business in, and is in good standing as a foreign corporation under the laws of, the States of Arizona, Colorado, New Mexico, Oklahoma, and Texas.

2. The Company is a limited liability company and has the power and authority under the Delaware Limited Liability Company Act and its Amended and Restated Limited Liability Company Agreement to execute and deliver each Transaction Document, and to perform its obligations thereunder. The execution and delivery by the Company of each Transaction Document and the performance by the Company of its obligations thereunder have been duly authorized by all requisite limited liability company action on the part of the Company.

3. Each Transaction Document has been duly executed and delivered by the Company.

4. Each Transaction Document constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

5. The execution and delivery by the Company of each Transaction Document to which it is a party do not, and the performance by the Company of its obligations thereunder will not, (a) violate the Company's limited liability company agreement, or (b) result in any violation by the Company of any Applicable Law (as defined below).

"Applicable Laws" means the Delaware Limited Liability Company Act and those laws, rules and regulations of the State of New York and the United States of America and the rules and regulations adopted thereunder, that, given the nature of the transactions evidenced by the Transaction Documents and the parties to it, a New York lawyer exercising customary diligence and applying customary practice for legal opinions would reasonably recognize as being applicable. However, the term "Applicable Laws" does not include, and we express no opinion with regard to (i) any state or federal laws, rules or regulations relating to: (A) antitrust; (B) tax; and (C) securities, including, without limitation, federal and state securities laws, rules or regulations and the Investment Company Act of 1940, as amended, except to the extent provided in paragraph 8 below; and (ii) any laws, rules or regulations of any county, municipality or similar political subdivision or any agency or instrumentality thereof.

6. No Governmental Approval (as defined below) which has not been obtained or taken and is not in full force and effect, is required to be obtained or taken by the Company to authorize, or is required in connection with, the execution and delivery by the Company of each Transaction Document to which it is a party or the performance by the Company of its obligations thereunder.

   "Governmental Approvals" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any Governmental Authority pursuant to any Applicable Laws (as defined in paragraph 5 above).

7. Assuming that the Company will comply with the provisions of the Note Purchase Agreement relating to the use of proceeds, the execution and delivery of the Note Purchase Agreement and the issuance of the Notes by the Company and the application of the proceeds thereof does not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

8. No registration under the Securities Act of 1933, as amended, of the Notes and no qualification of the Note Purchase Agreement under the Trust Indenture Act of 1939, as amended, is required for the initial offer and sale of the Notes by the Company to the Purchasers solely in the manner contemplated by the Note Purchase Agreement.

The opinions set forth above are subject to the following qualifications and exceptions:

(a) With respect to our opinion set forth in paragraph 1 above, we have relied solely on the certificate, dated May 11, 2007, of the Secretary of State of the State of Delaware and, with respect to the period from that date to the date of this opinion letter, the related bring-down letter dated May 24, 2007.

(b) The enforceability of each Transaction Document and the provisions thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other laws now or hereafter in effect relating to or affecting enforcement of creditors' rights generally and by general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether such enforcement is considered in a proceeding in equity or at law.

(c) With respect to our opinion set forth in paragraph 4 above, we express no opinion with respect to the validity or enforceability of the following provisions to the extent that they are contained in the Transaction Documents: (i) provisions purporting to waive,

subordinate or not give effect to rights to notice, demands, legal defenses or other rights or benefits that cannot be waived, subordinated or rendered ineffective under applicable law; (ii) provisions restricting access to courts or purporting to affect the jurisdiction or venue of courts (other than the courts of the State of New York with respect to Transaction Documents); and (iii) provisions relating to waiver of jury trial.

(d) In rendering our opinion set forth in paragraph 7 above as to Regulation T, we have assumed, with your permission and without any independent investigation, that, in entering into and performing the transactions contemplated by the Transaction Documents, none of the Transaction Parties is a broker or dealer (as defined in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934) that is making an "extension of credit" (within the meaning of 12 C.F.R. § 220.1(a)).

We express no opinion as to the laws of any jurisdiction other than: (i) the laws of the State of New York, (ii) with respect to our opinion set forth in paragraph 5 above, Applicable Laws; and (iii) with respect to our opinions set forth in paragraphs 2 and 3 above, the Limited Liability Company Act, as in effect in the State of Delaware; and (iv) the federal laws of the United States of America; and (v) based solely on the certificates of public officials previously identified, the laws of the States of Arizona, Colorado, New Mexico, Oklahoma, and Texas regarding our opinion with respect to the Company's qualification to do business and good standing as a limited liability company in the States of Arizona, Colorado, New Mexico, Oklahoma, and Texas, respectively.

This opinion letter is rendered as of the date set forth above. We expressly disclaim any obligation to update this letter after such date.

This opinion letter is given solely for your benefit in connection with the transactions contemplated by the Transaction Documents and may not be furnished to, or relied upon by, any other person or for any other purpose without our prior written consent except that (i) your successors and each future permitted holder of any Note under (and to the extent permitted by) the Note Purchase Agreement may rely on this opinion as of the original date of this opinion subject to the limitations, qualifications, exceptions and assumptions set forth herein, and (ii) a copy of this letter may be furnished by you, but not relied upon by, (a) the National Association of Insurance Commissioners and any state, federal or provincial authority or independent banking or insurance board or body having regulatory jurisdiction over the purchasers in the exercise of their regulatory due diligence, and (b) your independent auditors.

Very truly yours,

Vinson & Elkins L.L.P.

Purchasers

1. METROPOLITAN LIFE INSURANCE COMPANY
2. METLIFE INSURANCE COMPANY OF CONNECTICUT
3. METLIFE LIFE AND ANNUITY COMPANY OF CONNECTICUT
4. ING LIFE INSURANCE AND ANNUITY COMPANY
5. ING USA ANNUITY AND LIFE INSURANCE COMPANY
6. RELIASTAR LIFE INSURANCE COMPANY
7. THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
8. AMERICAN GENERAL LIFE INSURANCE COMPANY
9. AXA EQUITABLE LIFE INSURANCE COMPANY
10. MONY LIFE INSURANCE COMPANY OF AMERICA
11. GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
12. GENWORTH LIFE INSURANCE COMPANY
13. UNION FIDELITY LIFE INSURANCE COMPANY
14. HARTFORD LIFE INSURANCE COMPANY
15. HARTFORD ACCIDENT AND INDEMNITY COMPANY
16. TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA
17. JACKSON NATIONAL LIFE INSURANCE COMPANY
18. JOHN HANCOCK LIFE INSURANCE COMPANY
19. JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)
20. MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
21. MASSMUTUAL ASIA LIMITED
22. MML BAY STATE LIFE INSURANCE COMPANY
23. CUNA MUTUAL INSURANCE SOCIETY
24. SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY
25. ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA
26. INDIANAPOLIS LIFE INSURANCE COMPANY
27. AMERUS LIFE INSURANCE COMPANY
28. THE STATE LIFE INSURANCE COMPANY

29. AMERICAN UNITED LIFE INSURANCE COMPANY
30. PIONEER MUTUAL LIFE INSURANCE COMPANY
31. USAA LIFE INSURANCE COMPANY
32. LIFE INSURANCE COMPANY OF THE SOUTHWEST
33. NATIONAL LIFE INSURANCE COMPANY
34. MODERN WOODMEN OF AMERICA
35. NATIONAL GUARDIAN LIFE INSURANCE COMPANY
36. PHOENIX LIFE INSURANCE COMPANY
37. COUNTRY LIFE INSURANCE COMPANY

Exhibit 4.4(b)

2838 Woodside Street
Dallas, Texas 75204
214-981-0700
214-981-0703 (Fax)

ENERGY TRANSFER

May 24, 2007

To the Purchasers listed on
Schedule I
hereto (the "Purchasers")

RE: Purchase of $82,000,000 aggregate principal amount of 5.64% Senior Unsecured Series 1 Notes due May 24, 2017, $150,000,000 aggregate principal amount of 5.89% Senior Unsecured Series 2 Notes due May 24, 2022 and $75,000,000 aggregate principal amount of 6.16% Senior Unsecured Series 3 Notes due May 24, 2037 (collectively, the "Notes") pursuant to the Note Purchase Agreement dated as of May 24, 2007, among Transwestern Pipeline Company, LLC, a Delaware limited liability company (the "Company"), and the Purchasers (the "Note Purchase Agreement").

Ladies and Gentlemen:

As General Counsel of Energy Transfer Partners, L.P., a Delaware limited partnership and the indirect owner of all of the equity interests of the Company, I am familiar with the Note Purchase Agreement. Capitalized terms used herein which are defined in the Note Purchase Agreement are used herein as therein defined. This opinion is being rendered to you pursuant to the requirements of Section 4.4(b) of the Note Purchase Agreement.

Before rendering the opinions hereinafter set forth, I (or other attorneys working under my direction) examined the Note Purchase Agreement and the Notes, and relied upon original or photostatic or certified copies of such corporate or limited liability company records, certificates of officers of the Company and of public officials, and such agreements, documents, court orders, laws and instruments as I (or such other attorneys) have deemed relevant and necessary as the basis for the opinions hereinafter expressed. In such examination, I (or such other attorneys) assumed the genuineness of all signatures (other than signatures of officers of the Company on the Note Purchase Agreement and the Notes), the authenticity of all documents submitted to me or such other attorneys as originals and the conformity to authentic original documents of all documents submitted to me or such other attorneys as photostatic or certified copies.

Based on and subject to the foregoing, and subject also to the assumptions, qualifications and explanations set forth herein, I am of the opinion that:

1. The Company is duly formed, validly existing and in good standing under the laws of the State of Delaware and has all limited liability company powers and all governmental licenses, authorizations, consents, and approvals required (a) to carry on its business as now conducted, except to the extent failure to obtain such licenses, authorizations, consents, or approvals would not materially adversely affect the Company, and (b) to execute and deliver the Note Purchase Agreement and the Notes and perform its obligations thereunder.

2. The execution and delivery by the Company of the Note Purchase Agreement and the Notes and the performance of its obligations thereunder are within its limited liability company powers. The Note Purchase Agreement and the Notes have been duly authorized by all necessary limited liability company action of the Company, and have been duly executed and delivered by the Company.

3. The issue and sale of the Notes by the Company and the execution, delivery and performance by the Company of the Note Purchase Agreement, and the consummation by the Company of the transactions evidenced thereby do not contravene, conflict with, violate or result in a breach or default by the Company under (i) the Company's Amended and Restated Limited Liability Company Agreement ("LLC Agreement"), (ii) any material judgment, injunction, order or decree binding upon the Company, or (iii) any contractual or legal restriction contained in any indenture, loan or credit agreement, mortgage, security agreement, bond or note, or guaranties of any such obligations or any other material agreement, in each case known to me and to which the Company is a party. The issue and sale of the Notes and the execution, delivery and performance by the Company of the Note Purchase Agreement do not violate any Applicable Laws (as hereafter defined) that are applicable to the Company. The issue and sale of the Notes and the execution, delivery and performance by the Company of the Note Purchase Agreement will not result in the creation or imposition of any lien, security interest, or other charge or encumbrance on any asset of the Company.

4. There is no action, suit or any other proceeding pending or to my knowledge threatened against the Company in which the Company is a party, or to which its property is subject, which might reasonably be expected to materially and adversely affect (i) the business, financial position or results of operations of the Company, or (ii) the ability of the Company to perform its obligations under the Note Purchase Agreement and the Notes.

5. The Company is not an "investment company" within the meaning of, nor subject to regulation as an "investment company" under, the Investment Company Act of 1940, as amended.

The opinions set forth above are subject in all respects to the following qualifications:

(a) In rendering the opinion expressed in paragraph 3 above, neither I nor any other attorney in the Company's legal department have made any examination of any accounting or financial matters related to certain of the covenants contained in certain documents to which the Company may be subject, and I express no opinion with respect thereto.

(b) In rendering the opinion expressed in paragraph 4 above, I (or other attorneys working under my direction) have only reviewed the files and records of the Company, and I (or such other attorneys) have consulted with such senior officers thereof as I (or such other attorneys) have reasonably deemed necessary.

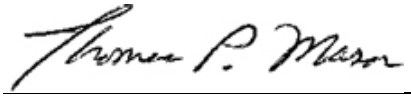
(c) The opinions expressed herein are as of the date hereof only, and I assume no obligation to update or supplement such opinions to reflect any fact or circumstances that may hereafter come to my attention or any changes in law that may hereafter occur or become effective.

(d) I am a member of the Bar of the State of Texas. This opinion relates solely to matters of the Applicable Laws of the United States, the Delaware Limited Liability Company Act and certain specified laws of the United States, to the extent specified herein.

(e) For purposes of my opinion, "Applicable Laws" means the Delaware Limited Liability Company Act, and those laws, rules and regulations of the United States of America and the rules and regulations adopted thereunder, which, in my experience, are normally applicable to entities such as the Company and transactions of the type contemplated by the Note Purchase Agreement.

This opinion is solely for the benefit of the Purchasers, their respective successors and assigns pursuant to the Note Purchase Agreement and their respective legal counsel and may not be relied upon in connection with any other transaction or by any other Person, except that (i) your successors and each future permitted holder of any Note under (and to the extent permitted by) the Note Purchase Agreement may rely on this opinion as of the original date of this opinion subject to the limitations, qualifications, exceptions and assumptions set forth herein, and (ii) a copy of this letter may be furnished by you, but not relied upon by, (a) the National Association of Insurance Commissioners and any state, federal or provincial authority or independent banking or insurance board or body having regulatory jurisdiction over the purchasers in the exercise of their regulatory due diligence, and (b) your independent auditors.

Very truly yours,



Thomas P. Mason

SCHEDULE I

THE PURCHASERS

1. METROPOLITAN LIFE INSURANCE COMPANY
2. METLIFE INSURANCE COMPANY OF CONNECTICUT
3. METLIFE LIFE AND ANNUITY COMPANY OF CONNECTICUT
4. ING LIFE INSURANCE AND ANNUITY COMPANY
5. ING USA ANNUITY AND LIFE INSURANCE COMPANY
6. RELIASTAR LIFE INSURANCE COMPANY
7. THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
8. AMERICAN GENERAL LIFE INSURANCE COMPANY
9. AXA EQUITABLE LIFE INSURANCE COMPANY
10. MONY LIFE INSURANCE COMPANY OF AMERICA
11. GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
12. GENWORTH LIFE INSURANCE COMPANY
13. UNION FIDELITY LIFE INSURANCE COMPANY
14. HARTFORD LIFE INSURANCE COMPANY
15. HARTFORD ACCIDENT AND INDEMNITY COMPANY
16. TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA
17. JACKSON NATIONAL LIFE INSURANCE COMPANY
18. JOHN HANCOCK LIFE INSURANCE COMPANY
19. JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)
20. MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
21. MASSMUTUAL ASIA LIMITED
22. MML BAY STATE LIFE INSURANCE COMPANY
23. CUNA MUTUAL INSURANCE SOCIETY
24. SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY
25. ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA
26. INDIANAPOLIS LIFE INSURANCE COMPANY
27. AMERUS LIFE INSURANCE COMPANY
28. THE STATE LIFE INSURANCE COMPANY
29. AMERICAN UNITED LIFE INSURANCE COMPANY
30. PIONEER MUTUAL LIFE INSURANCE COMPANY
31. USAA LIFE INSURANCE COMPANY
32. LIFE INSURANCE COMPANY OF THE SOUTHWEST
33. NATIONAL LIFE INSURANCE COMPANY
34. MODERN WOODMEN OF AMERICA
35. NATIONAL GUARDIAN LIFE INSURANCE COMPANY
36. PHOENIX LIFE INSURANCE COMPANY
37. COUNTRY LIFE INSURANCE COMPANY

Exhibit 10.6

FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

As of May 24, 2001

To Each of the Purchasers
Named in the Supplemental
Purchaser Schedule Attached Hereto

Ladies and Gentlemen:

Reference is made to that certain Note Purchase Agreement dated as of August 10, 2000 between the Company and each of the Initial Purchasers named in the Initial Purchaser Schedule attached thereto (the *"Agreement"*). Terms used but not defined herein shall have the respective meanings set forth in the Agreement.

As contemplated in Section 2B of the Agreement, the Company agrees with you as follows:

A. *Subsequent Series of Notes.* The Company will create Subsequent Series of Notes to be called the *"Series G Notes"*, *"Series H Notes"* and *"Series I Notes"*, respectively (collectively, the *"Subsequent Notes"*).

(i) Said Series G Notes will be dated the date of issue; will bear interest from such date at the rate of 7.21% per annum, payable quarterly on the 15th day of each February, May, August and November in each year (commencing August 15, 2001) until the principal amount thereof shall become due and payable and shall bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and, to the extent permitted by law, on any overdue installment of interest at the rate specified therein after the date due for payment, whether by acceleration or otherwise, until paid; will be expressed to mature on May 15, 2008; and will be substantially in the form attached to the Agreement as Exhibit A-7 with the appropriate insertions to reflect the terms and provisions set forth above.

(ii) Said Series H Notes will be dated the date of issue; will bear interest from such date at the rate of 7.89% per annum, payable quarterly on the 15th day of each February, May, August and November in each year (commencing August 15, 2001) until the principal amount thereof shall become due and payable and shall bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and, to the extent permitted by law, on any overdue installment of interest at the rate specified therein after the date due for payment, whether by acceleration or otherwise, until paid; will be expressed to mature on May 15, 2016; and will be substantially in the form attached to the Agreement as Exhibit A-7 with the appropriate insertions to reflect the terms and provisions set forth above.

(iii) Said Series I Notes will be dated the date of issue; will bear interest from such date at the rate of 7.99% per annum, payable quarterly on the 15th day of each February, May, August and November in each year (commencing August 15, 2001) until the principal amount thereof shall become due and payable and shall bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and, to the extent permitted by law, on any overdue installment of interest at the rate specified therein after the date due for payment, whether by acceleration or otherwise, until paid; will be expressed to mature on May 15, 2013; and will be substantially in the form attached to the Agreement as Exhibit A-7 with the appropriate insertions to reflect the terms and provisions set forth above.

B. *Purchase and Sale of Series G Notes, Series H Notes and Series I Notes.* The Company hereby agrees to sell to each Supplemental Purchaser set forth on the Supplemental Purchaser Schedule attached hereto (collectively, the *"Supplemental Purchasers"*) and, subject to the terms and conditions in the Agreement and herein set forth, each Supplemental Purchaser agrees to purchase from the Company the aggregate principal amount of the Series G Notes, Series H Notes or Series I Notes set opposite each Supplemental Purchaser's name in the Supplemental Purchaser Schedule at 100% of the aggregate principal amount. The sale of the Series G Notes, Series H Notes and Series I Notes shall take place at the offices of Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois 60601 at 10:00 a.m. Chicago time, at a closing (the *"Supplemental Closing"*) on May 24, 2001, or such other date as shall be agreed upon by the Company and each Supplemental Purchaser. At the Supplemental Closing the Company will deliver to each Supplemental Purchaser one or more Series G Notes, Series H Notes or Series I Notes, as the case may be, registered in such Supplemental Purchaser's name (or in the name of its nominee), evidencing the aggregate principal amount of Series G Notes, Series H Notes or Series I Notes to be purchased by said Supplemental Purchaser and in the denomination or denominations specified with respect to such Supplemental Purchaser in the Supplemental Purchaser Schedule attached hereto against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account on the date of the Supplemental Closing (the *"Supplemental Closing Date"*) (as specified in a notice to each Supplemental Purchaser at least three Business Days prior to the Supplemental Closing Date).

C. *Conditions of Supplemental Closing.* The obligation of each Supplemental Purchaser to purchase and pay for the Series G Notes, Series H Notes or Series I Notes to be purchased by such purchaser hereunder on the Supplemental Closing Date is subject to the satisfaction, on or before such Supplemental Closing Date, of the conditions set forth in Section 3 of the Agreement.

D. *Prepayments.* The Subsequent Notes shall be subject to prepayment only (a) pursuant to the required prepayments, if any, specified in clause (x) below, and in Section 4C of the Agreement; and (b) pursuant to the optional prepayments permitted by Section 4B of the Agreement.

(x) *Required Prepayments; Maturity.*

(i) *Series G Notes.* Until the Series G Notes shall be paid in full, the Company shall apply to the prepayment of the Series G Notes, without premium, the designated amounts of principal set forth below (or, if less, the principal amount of the Series G Notes as shall at the time be outstanding) on May 15 in each of the years set forth below, together with interest thereon to the prepayment dates, *provided*, *however*, that if the Company shall prepay all or any portion of the Notes pursuant to Section 4B or 4C, or acquire any Series G Notes pursuant to the provisions of Section 4H, each of the principal amount payable at maturity and the principal amount of each required prepayment of the Series G Notes becoming due under this clause (x) on and after the date of such prepayment or purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of the Series G Notes is reduced as a result of such prepayment or acquisition:

PRINCIPAL AMOUNT TO BE PREPAID	YEAR OF PREPAYMENT
$5,300,000	2004
$5,300,000	2005
$5,300,000	2006
$5,300,000	2007
$5,300,000	2008

The remaining outstanding principal amount of the Series G Notes, together with all interest accrued on the Series G Notes shall become due and payable on May 15, 2008.

(ii) *Series H Notes*. Until the Series H Notes shall be paid in full, the Company shall apply to the prepayment of the Series H Notes, without premium, the designated amounts of principal set forth below (or, if less, the principal amount of the Series H Notes as shall at the time be outstanding) on May 15 in each of the years set forth below, together with interest thereon to the prepayment dates, *provided*, *however*, that if the Company shall prepay all or any portion of the Notes pursuant to Section 4B or 4C, or acquire any Series H Notes pursuant to the provisions of Section 4H, each of the principal amount payable at maturity and the principal amount of each required prepayment of the Series H Notes becoming due under this clause (x) on and after the date of such prepayment or purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of the Series H Notes is reduced as a result of such prepayment or acquisition:

PRINCIPAL AMOUNT TO BE PREPAID	YEAR OF PREPAYMENT
$2,500,000	2006
$2,500,000	2007
$2,500,000	2008
$2,500,000	2009
$2,500,000	2010
$2,500,000	2011
$2,500,000	2012
$2,500,000	2013
$2,500,000	2014
$2,500,000	2015
$2,500,000	2016

The remaining outstanding principal amount of the Series H Notes, together with all interest accrued on the Series H Notes shall become due and payable on May 15, 2016.

(iii) *Series I Notes*. The Series I Notes are not subject to required prepayments prior to their maturity date. The outstanding principal amount of the Series I Notes, together with all interest accrued on the Series I Notes shall become due and payable on May 15, 2013.

(y) *Optional and Contingent Prepayments*. As provided in Sections 4B and 4C of the Agreement.

E. *Subsequent Notes Issued under and Pursuant to Agreement.* Except as specifically provided above, the Subsequent Notes shall be deemed to be issued under, to be subject to and to have the benefit of all of the terms and provisions of the Agreement as the same may from time to time be amended and supplemented in the manner provided therein.

F. *Waiver and Consent regarding certain Sections of Agreement*. By its purchase and acceptance of any of the Series G Notes, Series H Notes or Series I Notes, each Supplemental Purchaser shall be deemed to have consented to the acquisition by the Company of certain of the assets of Earth America Company (the *"Acquisition"*) for a purchase price, payable in cash and/or earn out options, in an amount not to exceed $29,000,000 and the operation by the Company of the business acquired in the Acquisition, which operation shall include, without limitation, selling (at the Company's discretion) certain assets purchased in the Acquisition and providing financial support therefor (the activities described above referred to herein, collectively, as the *"Acquisition Transactions"*), and each Supplemental Purchaser shall be deemed to have (i) waived the restrictions set forth in Section 6E(v)(iii) and Section 6G of the Agreement to the extent necessary to permit the Company to make Investments from time to time in respect of the Acquisition Transactions and sell certain assets acquired in connection therewith and (ii) consented and agreed that (x) no portion of such Investments shall be counted for purposes of computing the aggregate amounts of Investments under Section 6E(v)(iii) and (y) no sales of such assets shall be counted for purposes of computing the aggregate amounts of Asset Sales under Section 6G.

The execution hereof by the Supplemental Purchasers shall constitute a contract among the Company and the Supplemental Purchasers for the uses and purposes hereinabove set forth. By their acceptance hereof, each of the Supplemental Purchasers shall also be deemed to have accepted and agreed to the terms and provisions of the Agreement, as in effect on the date hereof.

HERITAGE OPERATING, L.P.

By Heritage Holdings, Inc., General Partner

By /s/ Larry J. Dagley
Its: Vice President and Chief Financial Officer

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

JOHN HANCOCK LIFE INSURANCE COMPANY

By: _____
Name:
Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY

By: _____
Name:
Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

MELLON BANK, N.A., solely in its capacity as Trustee for the Bell Atlantic Master Trust (as directed by John Hancock Life Insurance Company), and not in its individual capacity

By: _____
Name:
Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

INVESTORS PARTNER LIFE INSURANCE COMPANY

By: _____

Name:

Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY

By: _____

Name:

Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

METROPOLITAN LIFE INSURANCE COMPANY

By: _____
Name:
Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By: _____

Name:

Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY

By: _____

Name:

Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

C.M. LIFE INSURANCE COMPANY

By: _____
Name:
Title:

SIGNATURE PAGE TO THE FIRST SUPPLEMENTAL NOTE PURCHASE AGREEMENT

The foregoing Agreement is hereby accepted as of the date first above written.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

SUPPLEMENTAL PURCHASER SCHEDULE

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
JOHN HANCOCK LIFE INSURANCE COMPANY	**Series**	**Principal Amount**
	H	$ 9,250,000[1]
		$ 2,000,000

(1) All payments on account of the Notes or other obligations in accordance with the provisions thereof shall be made by bank wire transfer of immediately available funds for credit, not later than 12 noon, Boston time, to:

Fleet Boston
ABA No. 011000390
Boston, Massachusetts 02110
Account of: John Hancock Life Insurance Company
Private Placement Collection Account
Account No. 541-55417
On Order of: Heritage Operating, L.P.
PPN Number: *[Insert]*
7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and payable to John Hancock Life Insurance Company

(2) Contemporaneous with the above wire transfer, advice setting forth:

(a) the full name, interest rate and maturity date of the Notes or other obligations;

(b) allocation of payment between principal and interest and any special payment; and

(c) name and address of Bank (or Trustee) from which wire transfer was sent shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Accounting
Division, B-3
Fax: (617) 572-0628

[1] John Hancock Life Insurance Company is requesting two (2) Series H Senior Secured Notes of $9,250,000 and $2,000,000.

(3) All notices with respect to prepayments, both scheduled and unscheduled, whether partial or in full, and notice of maturity shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Accounting
Division, B-3
Fax: (617) 572-0628

(4) All other communications which shall include, but not be limited to, financial statements and certificates of compliance with financial covenants, shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Bond and Corporate Finance Group, T-57
Fax: (617) 572-1605

(5) A copy of any notices relating to change in issuer's name, address or principal place of business or location of collateral and a copy of any legal opinions shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Division, T-30
Fax: (617) 572-9269

(6) Tax I.D. No.: 04-1414660

(7) All Notes are to be sent for receipt the day after the closing to:

John Hancock Life Insurance Company
200 Clarendon Street., T-30
Boston, Massachusetts 02117
Attention: Amy S. Weed, Esq.

(8) Promptly after the closing (but no later than one week thereafter), one (1) fully executed original counterpart of the Purchase Agreement (i.e. Note Purchase Agreement, Securities Purchase Agreement, Loan Agreement, Participation Agreement, etc.) is to be sent to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Paralegal Unit, T-30

(9) Promptly after the closing (but no later than 2 months thereafter) we require one (1) set of original closing documents AND five (5) sets of conformed copies of the principal operative documents are to be sent to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Paralegal Unit, T-30

Note: If more than one Hancock or advisory account is participating in this transaction, the requirements set forth in (9) only need to be fulfilled once (i.e., please don't send 5 conformed copies for each participating account) *except where otherwise noted.*

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY	Series	Principal Amount

(1) All payments on account of the Notes or other obligations in accordance with the provisions thereof shall be made by bank wire transfer of immediately available funds for credit, not later than 12 noon, Boston time, to: H $ 1,500,000

Fleet Boston ABA No. 011000390
Boston, Massachusetts 02110

Account of: John Hancock Life Insurance Company
Private Placement Collection Account

Account No. 541-55417

On Order of: Heritage Operating, L.P.
PPN Number: *[insert]*

7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and payable to John Hancock Variable Life Insurance Company

(2) Contemporaneous with the above wire transfer, advice setting forth:

(a) the full name, interest rate and maturity date of the Notes or other obligations;

(b) allocation of payment between principal and interest and any special payment; and

(c) name and address of Bank (or Trustee) from which wire transfer was sent shall be delivered or faxed AND mailed to:

John Hancock Variable Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Accounting
Division, B-3
Fax: (617) 572-0628

(3) All notices with respect to prepayments, both scheduled and unscheduled, whether partial or in full, and notice of maturity shall be delivered or faxed AND mailed to:

John Hancock Variable Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Accounting
Division B-3
Fax: (617) 572-0628

(4) All other communications which shall include, but not be limited to, financial statements and certificates of compliance with financial covenants, shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Bond and Corporate Finance Group, T-57
Fax: (617) 572-1605

(5) A copy of any notices relating to change in issuer's name, address or principal place of business or location of collateral and a copy of any legal opinions shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Division, T-30
Fax: (617) 572-9269

(6) Tax I.D. No.: 04-2664016

(7) All Notes are to be sent for receipt the day after the closing to:

John Hancock Life Insurance Company
200 Clarendon Street., T-30
Boston, Massachusetts 02117
Attn: Amy S. Weed, Esq.

(8) Promptly after the closing (but no later than one week thereafter), one (1) fully executed original counterpart of the Purchase Agreement (i.e. Note Purchase Agreement, Securities Purchase Agreement, Loan Agreement, Participation Agreement, etc.) is to be sent to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attn: Investment Law Paralegal Unit, T-30

(9) Promptly after the closing (but no later than 2 months thereafter) we require one (1) set of original closing documents AND five (5) sets of conformed copies of the principal operative documents are to be sent to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Paralegal Unit, T-30

Note: If more than one Hancock or advisory account is participating in this transaction, the requirements set forth in (9) only need to be fulfilled once (i.e., please don't send 5 conformed copies for each participating account) *except where otherwise noted*.

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
MELLON BANK, N.A., TRUSTEE FOR THE BELL ATLANTIC MASTER TRUST	Series	Principal Amount
(1) All payments on account of the Notes or other obligations in accordance with the provisions thereof shall be made by bank wire transfer of immediately available funds for credit, not later than 12 noon, Boston time, to:	H	$ 2,000,000

Boston Safe Deposit and Trust Company
ABA No. 011001234
Account No: DDA: 125261
Ref: Bell Atlantic Master Trust:
NYXF 1783332
7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and payable to Mellon Bank, N.A., as Trustee for the Bell Atlantic Master Trust

(2) Contemporaneous with the above wire transfer, advice setting forth:

(a) the full name, interest rate and maturity date of the Notes or other obligations;

(b) allocation of payment between principal, interest and any special payment; and

(c) name and address of Bank (or Trustee) from which wire transfer was sent, shall be delivered or faxed AND mailed to:

Mellon Bank, N.A.
Three Mellon Bank Center, Room 153-3610
Pittsburgh, Pennsylvania 15259-0001
Attention: Principal & Interest Unit
Fax: (412) 236-0120

(3) All notices with respect to prepayments, both scheduled and unscheduled, whether partial or in full, and notice of maturity shall be delivered or faxed AND mailed to:

Mellon Bank, N.A.
Three Mellon Bank Center, Room 153-3610
Pittsburgh, Pennsylvania 15259-0001
Attention: Principal & Interest Unit
Fax: (412) 236-0120

(4) All other communications which shall include, but not be limited to, financial statements and certificates of compliance with financial covenants, shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Bond and Corporate Finance
Group, T-57
Fax: (617) 572-1605

(5) A copy of any notices relating to change in issuer's name, address or principal place of business or location of collateral and a copy of any legal opinions shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Division, T-30
Fax: (617) 572-9269

(6) Tax I.D. No.: 25-1448208

(7) All Notes are to be sent the day after the closing to:

Mellon Securities Trust Company
120 Broadway - 13th Floor Teller Window
New York, New York 10271
Attention: Robert A. Ferraro
Ref.: Bell Atlantic Master Trust
Account No. NYXF 1783332

(8) Promptly after the closing (but no later than one week thereafter), one (1) fully executed original counterpart of the Purchase Agreement (i.e. Note Purchase Agreement, Securities Purchase Agreement, Loan Agreement, Participation Agreement, etc.) is to be sent to:

Mellon Bank, N.A.
One Mellon Bank Center, Room 151-1935
Pittsburgh, Pennsylvania 15258
Attention: Bernadette T. Rist

(9) Promptly after closing (but no later than 2 months thereafter), one (1) set of original closing documents and four (4) sets of conformed copies of the principal operative documents are to be sent to:

Mellon Bank, N.A.
One Mellon Bank Center, Room 151-1935
Pittsburgh, Pennsylvania 15258
Attention: Bernadette T. Rist

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
	Series	Principal Amount
INVESTORS PARTNER LIFE INSURANCE COMPANY		
(1) All payments on account of the Notes or other obligations in accordance with the provisions thereof shall be made by bank wire transfer of immediately available funds for credit, not later than 12 noon, Boston time, to: Fleet Boston ABA No. 011000390 Boston, Massachusetts 02110 Account of: John Hancock Life Insurance Company Private Placement Collection Account Account No.: 541-55417 On Order of: Heritage Operating, L.P. PPN Number: *[Insert}* 7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and payable to Investors Partner Life Insurance Company	H	$ 250,000

(2) Contemporaneous with the above wire transfer, advice setting forth:

(a) the full name, interest rate and maturity date of the Notes or other obligations;

(b) allocation of payment between principal and interest and any special payment; and

(c) name and address of Bank (or Trustee) from which wire transfer was sent shall be delivered or faxed AND mailed to:

Investors Partner Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Accounting
Division B-3
Fax: (617) 572-0628

(3) All notices with respect to prepayments, both scheduled and unscheduled, whether partial or in full, and notice of maturity shall be delivered or faxed AND mailed to:

Investors Partner Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Accounting
Division, B-3
Fax: (617) 572-0628

(4) All other communications which shall include, but not be limited to, financial statements and certificates of compliance with financial covenants, shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Bond and Corporate Finance Group, T-57
Fax: (617) 572-1605

(5) A copy of any notices relating to change in issuer's name, address or principal place of business or location of collateral and a copy of any legal opinions shall be delivered or faxed AND mailed to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Division, T-30
Fax: (617) 572-9269

(6) Tax I.D. No.: 13-3072894

(7) All Notes are to be sent for receipt the day after the closing to:

John Hancock Life Insurance Company
200 Clarendon Street., T-30
Boston, Massachusetts 02117
Attention: Amy S. Weed, Esq.

(8) Promptly after the closing (but no later than one week thereafter), one (1) fully executed original counterpart of the Purchase Agreement (i.e. Note Purchase Agreement, Securities Purchase Agreement, Loan Agreement, Participation Agreement, etc.) is to be sent to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Paralegal Unit, T-30

(9) Promptly after the closing (but no later than 2 months thereafter) we require one (1) set of original closing documents AND five (5) sets of conformed copies of the principal operative documents are to be sent to:

John Hancock Life Insurance Company
200 Clarendon Street
Boston, Massachusetts 02117
Attention: Investment Law Paralegal Unit, T-30

Note: If more than one Hancock or advisory account is participating in this transaction, the requirements set forth in (9) only need to be fulfilled once (i.e.: please don't send 5 conformed copies for each participating account) *except where otherwise noted.*

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY (nominee is SALKELD & CO.)	**Series**	**Principal Amount**
	I	$ 4,000,000

(1) All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

Bankers Trust Company
14 Wall Street
New York, New York 10005
SWIFT Code: BKTR US 33
ABA No. 021001033
Account No. 99-911-145
FCC No: 097817 7.99% Series I Senior Secured Notes due May 15, 2013 in the aggregated principal amount of 16,000,000 and payable to General Electric Capital Assurance Company (nominee is Salkeld & Co.)
On Order of: Heritage Operating, L.P.
PPN Number: *[Insert}*

(2) Physical Delivery of the Notes:

Bankers Trust Company
14 Wall Street, 4th Floor
Mail Stop 4042, Window 61
New York, New York 10005
Account No. 097817
Attention: Lorraine Squires (212) 618-2200

(3) All notices with respect to payments and written confirmation of each such payment to be addressed as follows:

GE Financial Assurance
Account: GECA LTC
Two Union Square
601 Union Street
Seattle, Washington 98101
Attention: Investment Accounting
Tel.: (206) 516-2871
Fax: (206) 516-4740

(4) All other notices and communications, including original note purchase agreement, conformed copy of the note agreement, amendment requests, and financial statements, to be addressed as follows:

GE Financial Assurance
Account: GECA LTC
Two Union Square
601 Union Street
Seattle, Washington 98101
Attention: Investment Dept., Private Placements
Tel.: (206) 516-4954
Fax: (206) 516-4578

(5) Tax I.D. No.: 91-6027719

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
	Series	Principal Amount
GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY (nominee is SALKELD & CO.)	I	$ 12,000,000

(1) All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

Bankers Trust Company
14 Wall Street
New York, New York 10005
SWIFT Code: BKTR US 33
ABA No. 021001033
Account No. 99-911-145
FCC No: 097833 7.99%
Series I Senior Secured Notes due May 15, 2013 in the aggregated principal amount of 16,000,000 and payable to General Electric Capital Assurance Company (nominee is Salkeld & Co.)
On Order of: Heritage Operating, L.P.
PPN Number: *[Insert}*

(2) Physical Delivery of the Notes:

Bankers Trust Company
14 Wall Street, 4th Floor
Mail Stop 4042, Window 61
New York, New York 10005
Account No. 097833
Attention: Lorraine Squires (212) 618-2200

(3) All notices with respect to payments and written confirmation of each such payment to be addressed as follows:

GE Financial Assurance
Account: General Electric Capital Assurance Company
Two Union Square
601 Union Street
Seattle, Washington 98101
Attention: Investment Accounting
Tel.: (206) 516-2871
Fax: (206) 516-4740

(4) All other notices and communications, including original note purchase agreement, conformed copy of the note agreement, amendment requests, and financial statements, to be addressed as follows:

GE Financial Assurance
Account: General Electric Capital Assurance Company
Two Union Square
601 Union Street
Seattle, Washington 98101
Attention: Investment Dept., Private Placements
Tel.: (206) 516-4954
Fax: (206) 516-4578

(5) Tax I.D. No.: 91-6027719

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
	Series	Principal Amount
GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY (nominee is SALKELD & CO.)	G	$ 5,000,000

(1) All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

Bankers Trust Company
14 Wall Street
New York, New York 10005
SWIFT Code: BKTR US 33
ABA No. 021001033
Account No. 99-911-145
FCC No: 097833
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregated principal amount of 26,500,000 and payable to General Electric Capital Assurance Company (nominee is Salkeld & Co.)
On Order of: Heritage Operating, L.P.
PPN Number: *[Insert}*

(2) Physical Delivery of the Notes:

Bankers Trust Company
14 Wall Street, 4th Floor
Mail Stop 4042, Window 61
New York, New York 10005
Account No. 097833
Attention: Lorraine Squires (212) 618-2200

(3) All notices with respect to payments and written confirmation of each such payment to be addressed as follows:

GE Financial Assurance
Account: General Electric Capital Assurance Company
Two Union Square
601 Union Street
Seattle, Washington 98101
Attention: Investment Accounting
Tel.: (206) 516-2871
Fax: (206) 516-4740

(4) All other notices and communications, including original note purchase agreement, conformed copy of the note agreement, amendment requests, and financial statements, to be addressed as follows:

GE Financial Assurance
Account: General Electric Capital Assurance Company
Two Union Square
601 Union Street
Seattle, Washington 98101
Attention: Investment Dept., Private Placements
Tel.: (206) 516-4954
Fax: (206) 516-4578

(5) Tax I.D. No.: 91-6027719

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
METROPOLITAN LIFE INSURANCE COMPANY	**Series**	**Principal Amount**
(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to: The Chase Manhattan Bank ABA No. 021000021 Acct. Name: Metropolitan Life Insurance Company Account. No. 002-2-410591 7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26,500, 000 as payable to Metropolitan Life Insurance Company	G	$7,500,000
(2) Delivery of Notes after Closing: Metropolitan Life Insurance Company One Madison Avenue, Area 6H New York, New York 10010 Attention: Richard Clarke, Esq.		
(3) All notices and communications to: Metropolitan Life Insurance Company 334 Madison Avenue P.O. Box 633 Convent Station, New Jersey 07961 Attention: Private Placements Unit Fax: (973) 254-3032		
(4) Tax I.D. No.: 13-5581829		

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
METROPOLITAN LIFE INSURANCE COMPANY	**Series**	**Principal Amount**
	H	$ 7,500,000

(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to:

The Chase Manhattan Bank
ABA No. 021000021
Acct. Name: Metropolitan Life Insurance Company
Acct. No. 002-2-410591
7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500, 000 as payable to Metropolitan Life Insurance Company

(2) Delivery of Notes after Closing:

Metropolitan Life Insurance Company
One Madison Avenue, Area 6H
New York, New York 10010
Attention: Richard Clarke, Esq.

(3) All notices and communications to:

Metropolitan Life Insurance Company
334 Madison Avenue
P.O. Box 633
Convent Station, New Jersey 07961
Attention: Private Placements Unit
Fax: (973) 254-3032

(4) Tax I.D. No.: 13-5581829

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	Series	Principal Amount
	G	$3,000,000[2]
		$3,000,000

(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to:

The Chase/NYC/CTR
BNF=CIGNA Private Placements/AC= 9009001802
ABA#021000021
On Order of: Heritage Operating, L.P.
PPN Number: [Insert}
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26,500, 000 as payable to Cig & Co. c/o CIGNA Investments, Inc.

(2) All notices related to payments to:

Cig & Co.
c/o CIGNA Investments, Inc.
Attention: Securities Processing S-309
900 Cottage Grove Road
Hartford, CT 06152-2309
and:
Cig & Co.
c/o CIGNA Investments, Inc.
Attention: Private Securities — S307
Operations Group
900 Cottage Grove Road
Hartford, CT 06152-2307
Fax: (860) 726-7203

with a copy to:

Chase Manhattan Bank
Private Placement Servicing
P.O. Box 1508
Bowling Green Station
New York, New York 10081
Attention: CIGNA Private
Placements Fax: (212) 552-3107/1005

[2] CIGNA is requesting three (3) Series G Senior Secured Notes of $3,000,000, $3,000,000 and $1,000,000.

(3)	All other notices and communications to: Cig & Co. c/o CIGNA Investments, Inc. Attention: Private Securities Division - S-307 900 Cottage Grove Road Hartford, Connecticut 06152-2307 Fax: (860) 726-7203
(4)	Tax I.D. No.: 13-3574027
(5)	Nominee name: Cig & Co.

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
	Series	Principal Amount
CONNECTICUT GENERAL LIFE INSURANCE COMPANY on behalf of one or more separate accounts	G	$1,000,000[3]

(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to:

The Chase/NYC/CTR
BNF=CIGNA Private Placements/AC= 9009001802
ABA#021000021
On Order of: Heritage Operating, L.P.
PPN Number: [Insert}
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26,500,000 as payable to Cig & Co. c/o CIGNA Investments, Inc.

(2) All notices related to payments to:

Cig & Co. c/o
CIGNA Investments, Inc.
Attention: Securities Processing S-309
900 Cottage Grove Road
Hartford, CT 06152-2309
and:
Cig & Co. c/o
CIGNA Investments, Inc.
Attention: Private Securities — S307
Operations Group
900 Cottage Grove Road
Hartford, CT 06152-2307
Fax: (860) 726-7203
with a copy to:
Chase Manhattan Bank
Private Placement Servicing
P.O. Box 1508
Bowling Green Station New York, New York 10081
Attention: CIGNA Private Placements
Fax: (212) 552-3107/1005

(3) All other notices and communications to:

[3] CIGNA is requesting three (3) Series G Senior Secured Notes of $3,000,000, $3,000,000 and $1,000,000.

	Cig & Co. c/o CIGNA Investments, Inc. Attention: Private Securities Division - S-307 900 Cottage Grove Road Hartford, Connecticut 06152-2307 Fax: (860) 726-7203
(4)	Tax I.D. No.: 13-3574027
(5)	Nominee name: Cig & Co.

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY, PHOENIX INVESTMENT PARTNERS, LTD.	**Series**	**Principal Amount**

(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to: H $1,500,000

ABA: 021 000 021
Chase Manhattan Bank, N.A.
New York, NY
Account. No. 900 9000 200
Account Name: Income Processing
G05689, Phoenix Home
On Order of: Heritage Operating, L.P.
PPN Number: *[insert}*
7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and payable to Phoenix Home Life Universal Portfolio c/o Phoenix Investment Partners

(2) All notices of such payments and other instructions and written confirmation of such wire transfer and all other notices and communications to:

Phoenix Home Life Mutual Insurance Company
c/o Phoenix Investment Partners, LTD.
56 Prospect Street
Hartford, CT 06115-0480
Attention: Private Placement Division

(3) Tax I.D. No.: 06-0493340

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY, PHOENIX INVESTMENT PARTNERS, LTD.	**Series**	**Principal Amount**

(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to: — H — $ 1,500,000

ABA: 021 000 021
Chase Manhattan Bank, N.A.
New York, NY
Account. No. 900 9000 200
Account Name: Income Processing G07185, Phoenix Home
On Order of: Heritage Operating, L.P.
PPN Number: *[insert}*
7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and
PHL Confederated Life Insurance Company c/o Phoenix Investment Partners

(2) All notices of such payments and other instructions and written confirmation of such wire transfer and all other notices and communications to:

Phoenix Home Life Mutual Insurance Company
c/o Phoenix Investment Partners, LTD.
56 Prospect Street
Hartford, CT 06115-0480
Attention: Private Placement Division

(3) Tax I.D. No.: 06-0493340

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY, PHOENIX INVESTMENT PARTNERS, LTD.	**Series**	**Principal Amount**
(1) All payments on or in respect of the Notes to be made by bank wire transfer of Federal or other immediately available funds to: ABA: 021 000 021 Chase Manhattan Bank, N.A. New York, NY Account. No. 900 9000 200 Account Name: Income Processing G05123, Phoenix Home On Order of: Heritage Operating, L.P. PPN Number: *[insert}* 7.89% Series H Senior Secured Notes due May 15, 2016 in the aggregate principal amount of $27,500,000 and payable to Phoenix Home Life General Account/Closed Block Portfolio	H	$ 2,000,000
(2) All notices of such payments and other instructions and written confirmation of such wire transfer and all other notices and communications to: Phoenix Home Life Mutual Insurance Company Phoenix Investment Partners, LTD. c/o 56 Prospect Street Hartford, CT 06115-0480 Attention: Private Placement Division		
(3) Tax I.D. No.: 06-0493340		

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
C.M. LIFE INSURANCE COMPANY c/o MASSACHUSETTS MUTAL LIFE INSURANCE COMPANY	Series	Principal Amount
	G	$ 1,000,000

(1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as "Heritage Operating, L.P., 7.21% Series G Senior Secured Notes due May 15, 2008, PPN *[insert]*, interest and principal") to:

Citibank, N.A.
111 Wall Street
New York, NY 10043
ABA No. 021000089
For Segment 43 - Universal Life
Account No. 4068-6561
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26,500,000 and payable to C.M. Life Insurance Company c/o Massachusetts Mutual Life Insurance Company

(2) Telephone advice of payment to:

Securities Custody and Collection Department
David L. Babson & Company
Phone: (413) 744-5104 or (413) 744-5718

(3) Send notices on payments to:

C.M. Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Custody and Collection Department - F381

(4) Send all other communications and notices to:

C.M. Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Investment Division

(5) Tax I.D. No.: 06-1041383

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
MASSACHUSETTS MUTAL LIFE INSURANCE COMPANY	Series	Principal Amount

(1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as "Heritage Operating, L.P., 7.21% Series G Senior Secured Notes due May 15, 2008, PPN *[insert]*, interest and principal") to: G $ 1,000,000

Chase Manhattan Bank, N.A.
4 Chase MetroTech Center
New York, NY 10081
ABA No. 021000021
For MassMutual IFM Non-Traditional
Account No. 910-2509073
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26,500,000 and payable to Massachusetts Mutual Life Insurance Company

(2) Telephone advice of payment to:

Securities Custody and Collection Department
David L. Babson & Company
Phone: (413) 744-5104 or (413) 744-5718

(3) Send notices on payments to:

Massachusetts Mutual Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Custody and Collection Department - F381

(4) Send all other communications and notices to:

Massachusetts Mutual Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Investment Division

(5) Tax I.D. No.: 04-1590850

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	**Series**	**Principal Amount**
	G	$ 1,000,000

(1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as "Heritage Operating, L.P., 7.21% Series G Senior Secured Notes due May 15, 2008, PPN *[insert]*, interest and principal") to:

Chase Manhattan Bank, N.A.
4 Chase MetroTech Center
New York, NY 10081
ABA No. 021000021
For MassMutual Pension Management
Account No. 910-2594018
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26,500,000 and payable to Massachusetts Mutual Life Insurance Company

(2) Telephone advice of payment to:

Securities Custody and Collection Department
David L. Babson & Company
Phone: (413) 744-5104 or (413) 744-5718

(3) Send notices on payments to:

Massachusetts Mutual Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Custody and Collection Department - F381

(4) Send all other communications and notices to:

Massachusetts Mutual Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Investment Division

(5) Tax I.D. No.: 04-1590850

Name of Purchaser	Series and Principal Amount of Notes being Purchased	
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	Series	Principal Amount
	G	$ 4,000,000

(1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, ("identifying each payment as "Heritage Operating, L.P., 7.21% Series G Senior Secured Notes due May 15, 2008, PPN *[insert]*, interest and principal"), to:

Citibank, N.A.
111 Wall Street
New York, NY 10043
ABA No. 021000089
For MassMutual Long-Term Pool
Account No. 4067-3488
7.21% Series G Senior Secured Notes due May 15, 2008 in the aggregate principal amount of $26, 500,000 and payable to Massachusetts Mutual Life Insurance Company

(2) Telephone advice of payment to:

Securities Custody and Collection Department
David L. Babson & Company
Phone: (413) 744-5104 or (413) 744-5718

(3) Send notices on payments to:

Massachusetts Mutual Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Custody and Collection Department - F381

(4) Send all other communications and notices to:

Massachusetts Mutual Life Insurance Company
c/o David L. Babson & Company, Inc.
1295 State Street
Springfield, MA 01111
Attention: Securities Investment Division

(5) Tax I.D. No.: 04-1590850

Exhibit A-7

HERITAGE OPERATING, L.P.

% Series Note

Due _____

No. _____ May 24, 2001

$_____

PPN: 42726# AP 6

HERITAGE OPERATING, L.P. a Delaware limited partnership (the *"Company"*) for value received, hereby promises to pay to , or registered assigns, on the day of , the principal amount of ($), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid at the rate of % per annum from the date hereof until maturity, payable quarterly on the 15th day of each February, May, August and November in each year commencing on August 15, 2001, and at maturity. The Company agrees to pay interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and to, the extent permitted by law, on any overdue installment of interest, payable quarterly as aforesaid (or, at the option of the holder hereof, on demand) at a rate per annum from time to time equal to the greater of (i) 9.89% or (ii) 2% over the rate of interest publicly announced by Morgan Guaranty Trust Company in New York City as its "prime rate" until paid. Both the principal hereof and interest hereon are payable at the principal office of Morgan Guaranty Trust Company of New York, in New York, New York in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Promissory Note is one of the % Series Notes due , (the *"Series Notes"*) of the Company in the aggregate principal amount of $ issued under and pursuant to the terms and provisions of the Note Purchase Agreement dated as of August 10, 2000 (the *"Agreement"*), entered into by the Company with the Initial Purchasers therein referred to, and a Supplemental Note Purchase Agreement dated as of May 24, 2001 entered into by the Company with the Supplemental Purchasers (as such term is defined in the Agreement) named therein. Under and pursuant to said Agreement the Company has heretofore issued Series A Notes, Series B Notes, Series C Notes, Series D Notes, Series E Notes and Series F Notes, and intends to issue simultaneously with the Series I Notes, the Series G Notes and Series H Notes in the aggregate (the *"Issued Notes"*) (the Issued Notes and the Series Notes are hereinafter collectively referred to as the *"Notes"*). The aggregate principal amount of all notes issued under the Agreement shall not exceed $. This Series Note and the holder hereof are entitled equally and ratably with the holders of all other Notes outstanding under the Agreement to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Agreement for a statement of such rights and benefits.

This Series Note and the other Notes outstanding under the Agreement may be declared due prior to their expressed maturity dates, all in the events, on the terms and in the manner and amounts as provided in the Agreement.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Agreement, including the Supplemental Note Purchase Agreement.

This Series Note is secured pursuant to the Security Agreement (as defined in the Agreement) and, subject to the Intercreditor Agreement (as defined in the Agreement), is entitled to the benefits thereof.

This Series Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Series Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Series Note shall be made only to or upon the order in writing of the registered holder.

This Series Note shall be governed by the laws of the State of New York.

HERITAGE OPERATING, L.P.

By: _____

By: _____
Name: _____
Title: _____

Exhibit 31.1

CERTIFICATION OF PRESIDENT (PRINCIPAL EXECUTIVE OFFICER)
AND CHIEF FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John W. McReynolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Energy Transfer Equity, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

/s/ John W. McReynolds
John W. McReynolds
President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Energy Transfer Equity, L.P. (the "Partnership") on Form 10-Q for the quarter ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John W. McReynolds, President and Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 10, 2009

/s/ John W. McReynolds
John W. McReynolds
President and Chief Financial Officer

* A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to and will be retained by Energy Transfer Equity, L.P.