AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE , 2000

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

PANHANDLE EASTERN PIPE LINE COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	4924	44-0382470
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

5444 WESTHEIMER ROAD
HOUSTON, TEXAS 77056-5306
713-989-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

ALAN M. WRIGHT
SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND TREASURER
PANHANDLE EASTERN PIPE LINE COMPANY
Fairlane Plaza South, Suite 1100
330 Town Center Drive
Dearborn, Michigan 48126
313-436-9200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

MICHAEL D. VAN HEMERT, ESQ.
ASSISTANT GENERAL COUNSEL
CMS ENERGY CORPORATION
Fairlane Plaza South, Suite 1100
330 Town Center Drive
Dearborn, Michigan 48126
(313) 436-9200

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT BEING REGISTERED	PROPOSED MAXIMUM OFFERING PRICE UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
8.25% Senior Notes Due 2010, Series B.....	$100,000,000	100%	$100,000,000	$26,400.00

(1) Estimated pursuant to Rule 457(f) solely for the purpose of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME

EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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CROSS-REFERENCE SHEET

PURSUANT TO ITEM 501(b) OF REGULATION S-K
SHOWING THE LOCATION IN THE PROSPECTUS OF THE
INFORMATION REQUIRED BY PART I OF FORM S-4

ITEM NUMBER AND CAPTION	LOCATION IN THE PROSPECTUS
A. INFORMATION ABOUT THE TRANSACTION	
1. Forepart of Registration Statement and Outside Front Cover Page of the Prospectus	Front Cover Page of the Registration Statement; Outside Front Cover Page of the Prospectus
2. Inside Front and Outside Back Cover Pages of the Prospectus	Inside Front Cover page of the Prospectus; Outside Back Cover Page of the Prospectus
3. Risk Factors, Ratio of Earnings to Fixed Charges and Other Information	Prospectus Summary; Risk Factors; Historical and Pro Forma Selected Financial Information; Ratio of Earnings to Fixed Charges; Where to Find More Information
4. Terms of the Transaction	Prospectus Summary; Use of Proceeds; The Exchange Offer; Description of Exchange Notes; Certain United States Federal Income Tax Consequences; Plan of Distribution
5. Pro Forma Financial Information	Historical and Pro Forma Selected Financial Information
6. Material Contracts with the Company Being Acquired	*
7. Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters	*
8. Interests of Named Experts and Counsel	Legal Matters; Experts
9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	*

ITEM NUMBER AND CAPTION	LOCATION IN THE PROSPECTUS
B. INFORMATION ABOUT THE REGISTRANT	
10. Information with Respect to S-3 Registrants	Where to Find More Information; Prospectus Summary; The Company; Historical and Pro Forma Selected Financial Information; Use of Proceeds; Ratio of Earning to Fixed Charges
11. Incorporation of Certain Information by Reference	Where to Find More Information
12. Information with Respect to S-2 or S-3 Registrants	*
13. Incorporation of Certain Information by Reference	*
14. Information with Respect to Registrants Other Than S-3 or S-2 Registrants	*
C. INFORMATION ABOUT THE COMPANY BEING ACQUIRED	
15. Information with Respect to S-3 Companies	*
16. Information with Respect to S-2 or S-3 Companies	*
17. Information with Respect to Companies Other than S-3 or S-2 Companies	*
D. VOTING AND MANAGEMENT INFORMATION	
18. Information if Proxies, Consents or Authorizations are to be Solicited	*
19. Information if Proxies, Consents or Authorization are not be Solicited, or in an Exchange Offer	Directors and Executive Officers; Executive Compensation; The Exchange Offer

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* Item is omitted because response is negative or item is inapplicable.

PROSPECTUS
JULY , 2000

PANHANDLE EASTERN PIPE LINE COMPANY
EXCHANGE OFFER

8.25% SENIOR NOTES DUE 2010, SERIES A

FOR

8.25% SENIOR NOTES DUE 2010, SERIES B

PANHANDLE EASTERN PIPE LINE COMPANY:

- We and our affiliate companies operate one of the largest natural gas pipeline networks in the United States, providing customers in the Southwest and Midwest with a comprehensive array of transportation and storage services.

- Panhandle Eastern Pipe Line Company
  5444 Westheimer Road
  Houston, Texas 77056-5306
  (713) 989-7700

THE OFFERING:

- We will exchange the Series A notes for the Series B Exchange Notes until the close of business on , 2000.

- We will receive no proceeds for the exchange.

THE SERIES B EXCHANGE NOTES:

- Will be substantially identical to the Series A notes and will be registered under the Securities Act of 1933.

- Maturity: April 1, 2010.

- Interest Payments: Semi-annually in cash in arrears on April 1 and October 1, commencing October 1, 2000.

- Redemption: We can redeem some or all of the Series B Exchange Notes at our option on at least 30 days' notice.

- Ranking of Exchange Notes: The Exchange Notes rank equally in right of payment with our other existing and future senior unsecured debt.

THIS INVESTMENT INVOLVES RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 10.

These Securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is July , 2000.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference forward-looking statements. The factors identified under "Risk Factors" are important factors (but not necessarily all important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, us.

Where any such forward-looking statements include a statement of the assumptions or bases underlying such forward-looking statement, we believe that the assumed results are reasonable, however, there is no assurance that they will approximate actual results. Where, in any forward-looking statement, we express an expectation or belief as to future results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. The words "BELIEVE," "EXPECT," "ESTIMATE," "PROJECT" and "ANTICIPATE" and similar expressions identify forward-looking statements.

WHERE TO FIND MORE INFORMATION

Panhandle Eastern Pipe Line Company ("PANHANDLE" or the "COMPANY") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"). Accordingly, we file annual, quarterly and current reports as well as other information with the Securities and Exchange Commission ("SEC" or the "COMMISSION"). The public may read and copy any reports or other information that we file at the SEC's public reference room at Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available

to the public from commercial document retrieval services and at the web site maintained by the SEC at "http://www.sec.gov."

We have securities listed on the New York Stock Exchange. You can inspect and copy reports and other information about us at the New York Stock Exchange's offices at 20 Broad Street, New York, New York.

We are "incorporating by reference" information into this Prospectus. This means that we are disclosing important information by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this Prospectus, except for any information superseded by information in this Prospectus. This Prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us and our finances.

SEC FILINGS (FILE NO. 1-2921)	PERIOD/DATE
-- Annual Report on Form 10-K	Year ended December 31, 1999.
-- Quarterly Report on Form 10-Q	Quarterly period ended March 31, 2000.
-- Current Report on Form 8-K	Filed March 16, 2000

The documents we have filed with the SEC pursuant to Sections 13(a), 13(c), 14 and 15 of the Exchange Act after the date of this Prospectus and before the termination of this Offering are also incorporated by reference into this Prospectus.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Panhandle Eastern Pipe Line Company
5444 Westheimer Road
Houston, Texas 77056-5306
(713) 989-7700
Attention: Controller

You should rely only on the information contained or incorporated by reference in this Prospectus. We have not authorized anyone to provide you with information that is different from this information.

PROSPECTUS SUMMARY

This summary may not contain all the information that may be important to you. You should read the entire Prospectus, including the financial data and related notes and the information incorporated by reference into this Prospectus, before making an investment decision. The terms "OUR," "WE" and "US" as used in this Prospectus Summary refer to the Panhandle Companies. The term "YOU" as used in this Prospectus as the context requires refers to a holder of the Notes or Exchange Notes.

THE COMPANY

We and our affiliate companies (collectively the "PANHANDLE COMPANIES") are primarily engaged in the transportation of natural gas in interstate commerce. We operate one of the nation's largest natural gas pipeline networks, providing customers in the Southwest and Midwest with a comprehensive array of transportation and storage services. This interconnected 10,400 mile system accesses virtually all major natural gas supply regions in the United States.

Our Panhandle transmission system consists of a system of four large-diameter parallel pipelines, extending approximately 1,300 miles from producing areas in the Anadarko Basin of Texas, Oklahoma and Kansas through Missouri, Illinois, Indiana and Ohio into Michigan.

Our Trunkline Gas Company ("TRUNKLINE") transmission system consists of a system of three large-diameter parallel pipelines, extending approximately 1,400 miles from the Gulf Coast areas of Texas and Louisiana through Arkansas, Mississippi, Tennessee, Kentucky, Illinois and Indiana to a point on the Indiana-Michigan border. We also own and operate two offshore Louisiana natural gas supply systems consisting of 742 miles of pipeline extending approximately 81 miles into the Gulf of Mexico.

We own and operate five underground gas storage fields located in Illinois, Michigan, Kansas, Oklahoma and Louisiana with a combined maximum working storage capacity of 70 billion cubic feet.

We own a liquified natural gas ("LNG") regasification plant and related LNG tanker port, unloading facilities and LNG and gas storage facilities located at Lake Charles, Louisiana. The LNG plant has the capacity to deliver 700 million cubic feet per day but has been operated on a limited basis for a number of years.

Our Panhandle transmission system's major customers include approximately 20 utilities located in the Midwest market area that encompasses large portions of Michigan, Ohio, Indiana, Illinois and Missouri. Our Trunkline transmission system's major customers include eight utilities located in portions of Illinois, Indiana, Michigan, Ohio and Tennessee.

Our rates and operations are subject to regulation by the Federal Energy Regulatory Commission. For more information on this regulation, please see our annual report on Form 10-K for the year ended December 31, 1999, which is incorporated by reference with this Prospectus.

We are a Delaware corporation organized in 1929. Our principal offices are located at 5444 Westheimer Road, Houston, Texas 77056-5306, and our telephone number is 713-989-7700.

The above information about us is not comprehensive. For additional information about our business and affairs, including our consolidated financial statements and related notes, management's discussion and analysis, pending environmental, legal and regulatory proceedings and descriptions of certain laws and regulations to which we are subject, you should refer to the documents which are incorporated by reference in this Prospectus. See "Where to Find More Information."

ACQUISITION BY CMS ENERGY CORPORATION

On March 29, 1999, CMS Energy Corporation ("CMS ENERGY") acquired all of our outstanding common stock from Duke Energy Corporation ("DUKE ENERGY"). CMS Energy paid $1.9 billion in cash to Duke Energy and assumed $300 million of our existing debt.

CMS Energy is a leading diversified energy company operating in the United States and around the world. CMS Energy's two principal subsidiaries are Consumers Energy Company ("CONSUMERS") and CMS Enterprises Company ("ENTERPRISES"). Consumers is a public utility that provides natural gas and electricity to almost six million of the nine and one-half million residents in Michigan's Lower Peninsula. Enterprises, through subsidiaries, is engaged in several domestic and international energy businesses including:

- Natural gas transmission, storage and processing;

- Independent power production;

- Oil and gas exploration and production;

- International energy distribution; and

- Energy marketing, services and trading.

Pursuant to the stock purchase agreement between subsidiaries of Duke Energy and CMS Energy, Duke Energy has agreed to investigate and remedy environmental damage to some of our properties. Duke Energy has agreed to continue its clean-up effort at these properties post acquisition and to defend and indemnify us against certain future environmental litigation and claims.

ACQUISITION OF THE SEA ROBIN PIPELINE COMPANY

On March 15, 2000, Trunkline acquired the Sea Robin Pipeline Company ("SEA ROBIN") from El Paso Energy Corporation ("EL PASO") for approximately $74 million. Sea Robin owns a 1 billion cubic feet per day capacity natural gas and condensate pipeline in the Gulf of Mexico off the Louisiana coast and west of Trunkline's existing Terrebonne system. The Sea Robin system consists of five offshore valving platforms and one compressor platform, 405 miles of offshore pipeline, 40 miles of onshore pipeline and one compressor station. The system connects to a producer-owned processing plant and liquids separation facility and accesses the Henry Hub, which is the clearing point for New York Mercantile Exchange gas futures trading. Sea Robin is indirectly connected to Trunkline by way of the Henry Hub.

ANNOUNCEMENT OF PIPELINE JOINT VENTURE

On March 9, 2000, CMS Energy, Marathon Ashland Petroleum LLC and TEPPCO Partners, L.P. announced that they had agreed to form a limited liability company to own and operate an interstate refined products pipeline extending from the U.S. Gulf Coast to Illinois. Each of the companies will own a one-third interest in the LLC.

In exchange for our one-third interest in this new LLC, we will contribute an underutilized portion of our Trunkline natural gas pipeline system representing a 26-inch diameter natural gas pipeline extending 720 miles from Longville, Louisiana to Bourbon, Illinois. The joint venture will build a 75-mile, 24-inch diameter pipeline which connects to this pipeline.

Our strategy with respect to participating in this joint venture is to maximize the utilization and financial performance of our pipeline assets by converting an underutilized portion of our Trunkline natural gas pipeline into a liquid products pipeline. Our Trunkline system consists of three large diameter pipelines extending approximately 1,400 miles. The announced transaction converts a portion of one of the three pipelines for use in transporting refined products. We have made a filing with the Federal Energy Regulatory Commission ("FERC") to take this portion of our Trunkline pipeline out of natural gas service. The conversion of this pipeline to liquid products is expected to be completed by the end of 2001.

THE NOTE OFFERING

The Notes.....	On March 27, 2000 we sold $100 million principal amount of our 8.25% Senior Notes due 2010 (the "NOTES"). The Notes were offered to qualified institutional buyers under Rule 144A.
Registration Rights Agreement.....	We executed a Registration Rights Agreement which provides that we would grant certain registration and exchange rights to Note holders. As a result, we have filed a registration statement with the SEC which will permit you to exchange the Notes for new notes which are registered under the Securities Act of 1933. The transfer restrictions will be removed from the new notes. We are conducting the exchange offer to satisfy our obligations with respect to certain exchange and registration rights. Except for a few limited circumstances, these rights will terminate when the exchange offer ends.

THE EXCHANGE OFFER

Securities Offered.....	$100 million principal amount of 8.25% Senior Notes Due 2010, Series B (the "EXCHANGE NOTES").
Exchange Offer.....	The Exchange Notes will be offered for all of the outstanding Notes. Currently there are $100 million aggregate principal amount of Notes outstanding. The Notes may be tendered only in integral amounts of $1,000.
Resale of Exchange Notes.....	Based on SEC no action letters, we believe that after the exchange offer you may offer and sell the Exchange Notes without registration under the Securities Act of 1933 so long as: - You acquire the Exchange Notes in the ordinary course of business. - When the exchange offer begins you do not have an arrangement with another person to participate in a distribution of the Exchange Notes. - You are not distributing and do not intend to distribute the Exchange Notes. When you tender the Notes we will ask you to represent to us that: - You are not our affiliate.

- You will acquire the Exchange Notes in the ordinary course of business.

- When the exchange offer begins you are not distributing and you do not plan to distribute with anyone else the Exchange Notes.

If you are unable to make these representations, you will be required to comply with the registration and prospectus delivery requirements under the Securities Act of 1933 in connection with any secondary resale transaction.

If you are a broker-dealer and receive Exchange Notes for your own account, you must acknowledge that you will deliver a prospectus if you resell the Exchange Notes. By acknowledging your intent and delivering a prospectus you will not be deemed to admit that you are an "underwriter" under the Securities Act of 1933. You may use this Prospectus as it is amended from time to time when you resell Exchange Notes which were acquired from market-making or trading activities. For a year after the Expiration Date we will make this Prospectus available to any broker-dealer in connection with such a resale. See "Plan of Distribution."

If necessary, we will cooperate with you to register and qualify the Exchange Notes for offer or sale without any restrictions or limitations under state "blue sky" laws.

Consequences of Failure to Exchange Notes..... If you do not exchange your Notes during the exchange offer you will no longer be entitled to registration rights. You will not be able to offer or sell the Notes unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act of 1933 or state securities laws. See "The Exchange Offer--Consequences of Failure to Exchange."

Expiration Date..... 5:00 p.m., EST on , 2000 (the "EXCHANGE DATE"). We may extend the Exchange Offer.

Conditions to the Exchange Offer..... No minimum principal amount of Notes must be tendered to complete the exchange offer. However, the exchange offer is subject to certain customary conditions which we may waive. See "The Exchange Offer--Conditions." Other than United States federal and state securities laws we do not need to satisfy any regulatory requirements or obtain any regulatory approval to conduct the exchange offer.

Procedures for Tendering Notes.....	If you wish to participate in the exchange offer you must complete, sign and date the letter of transmittal or a facsimile copy and mail it or deliver it to the exchange agent along with any necessary documentation. Instructions and the address of the exchange agent will be on the letter of transmittal and can be found in this Prospectus. See "The Exchange Offer--Procedures for Tendering" and; "--Exchange Agent." You must also effect a tender of Notes pursuant to the procedures for book-entry transfer as described in this Prospectus. See "The Exchange Offer--Procedures for Tendering."
Guaranteed Delivery Procedures.....	If you cannot tender the Notes, complete the letter of transmittal or provide the necessary documentation prior to the termination of the exchange offer, you may tender your Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures."
Withdrawal Rights.....	You may withdraw tendered Notes at any time prior to the 5:00 p.m. EST on the Expiration Date. You must send a written or facsimile withdrawal notice to the Exchange Agent prior to 5:00 p.m. EST on the Expiration Date.
Acceptance of Notes and Delivery of Exchange Notes...	All Notes properly tendered to the Exchange Agent by 5:00 p.m. EST on the Expiration Date will be accepted for exchange. The Exchange Notes will be delivered promptly after the Expiration Date. See "The Exchange Offer--Acceptance of Notes for Exchange; Delivery of Exchange Notes"
Certain United States Tax Consequences.....	Exchanging Notes for the Exchange Notes will not be a taxable exchange for United States federal income tax purposes. See "Certain United States Federal Income Tax Consequences."
Exchange Agent.....	Bank One Trust Company, National Association is the exchange agent (the "EXCHANGE AGENT") for the exchange offer.
Fees and Expenses.....	We will pay all fees and expenses associated with the exchange offer and compliance with the Registration Rights Agreement.
Use of Proceeds.....	We will receive no cash proceeds in connection with the exchange offer. We used the net proceeds of approximately $99.3 million from the sale of the Notes to fund our acquisition of Sea Robin as well as for general corporate purposes.

THE EXCHANGE NOTES

Issuer	Panhandle Eastern Pipe Line Company.
Securities Offered	$100 million principal amount of 8.25% Senior Notes due 2010, Series B (the "EXCHANGE NOTES").
Maturity	April 1, 2010.
Interest Payment Dates	Interest will be paid semi-annually in cash in arrears on April 1, and October 1, commencing October 1, 2000.
Optional Redemption	The Exchange Notes may be redeemed in whole or in part, at any time or from time to time, on not less than 30 days' notice, at the Make-Whole Price as defined under "Description of the Exchange Notes--Redemption."
Ranking	The Exchange Notes will be senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured debt.
Form and Denomination	The Exchange Notes will be fully registered under the Securities Act of 1933. The Exchange Notes will be issued in the form of one or more global notes and will be held by a custodian and registered in the name of a designee of the depositary. Beneficial interests in the global notes as well as any sales of interests in the global notes will be shown on records maintained by the depositary.
Certain Covenants	The Indenture will contain covenants that will, among other things, limit our ability to pay dividends, repurchase our common stock or make other payments, incur additional liens, and engage in sale-leaseback transactions.
Exchange Offer; Registration Rights	To remove the transferability restrictions on the Notes, we agreed to file a registration statement with the SEC to permit you to exchange the Notes for new notes which are registered under the Securities Act. We agreed to file the registration statement within 90 days after the sale of the Notes, which we have done; to use our best efforts to have it declared effective within 180 days; and to complete the exchange offer within 30 days after the registration statement is effective. If we do not comply with these requirements, you will receive higher interest payments until we are in compliance.

PANHANDLE EASTERN PIPE LINE COMPANY
HISTORICAL AND PRO FORMA SELECTED FINANCIAL INFORMATION

The following summary historical financial information has been derived from our historical consolidated financial statements. The financial information set forth below should be read in conjunction with our consolidated financial statements, related notes and other financial information incorporated by reference in this Prospectus. See "Where to Find More Information." The periods following the acquisition by CMS Energy on March 29, 1999 reflect a new basis of accounting, and pre-acquisition and post-acquisition period financial results (separated by a heavy black line) are presented below but are not comparable.

The unaudited pro forma selected financial information illustrates the effects of:

- various restructuring, realignment, and elimination of activities between the Panhandle Companies and Duke Energy prior to the acquisition of the Panhandle Companies by CMS Energy;
- the adjustments resulting from the acquisition of the Panhandle Companies by CMS Energy as if the acquisition occurred on January 1, 1999;
- the adjustments resulting from the acquisition of Sea Robin based upon financial information provided by subsidiaries of El Paso Energy as if the acquisition occurred on January 1, 1999; and
- the application of the net proceeds from the issuance of the Notes.

	YEAR ENDED 12/31 1997	YEAR ENDED 12/31 1998	PERIOD FROM 01/01-03/28 1999	PERIOD FROM 03/29-12/31 1999	PRO FORMA YEAR ENDED 12/31 1999	PERIOD FROM 01/01-03/28 1999	PERIOD FROM 03/29/1999-03/31/99	THREE MONTHS ENDED 03/31 2000	PRO FORMA THREE MONTHS ENDED 03/31 2000
INCOME STATEMENT DATA									
Operating revenues	$ 534	$ 496	$128	$ 343	$ 486	$128	$ 5	$136	$140
Operating expenses	339	295	61	217	295	61	3	66	68
Operating income	195	201	67	126	191	67	2	70	72
Other income and expenses	6	24	4	2	7	4	1	1	2
Earnings before interest and taxes	201	225	71	128	198	71	3	71	74
Interest expense	73	77	18	60	86	18	1	19	22
Income before income taxes	128	148	53	68	112	53	2	52	52
Income taxes	48	57	20	27	44	20	1	20	20
Net Income	$ 80	$ 91	$ 33	$ 41	$ 68	$ 33	$ 1	$ 32	$ 32
OTHER DATA:									
EBITDA (1)	$ 260	$ 281	$ 85	$ 172	$ 260	$ 85	$ 3	$ 87	$ 90
Cash Flow									
From operating activities	$ 106	$ 174	$ 21	$ 179	$ 197	$ 21	$ (1)	$ 32	$ 32
From investing activities	$(106)	$(174)	$(21)	$ (54)(4)	$ (77)(2)	$(21)	$ --(4)	$ (3)(5)	$ (3)(5)
From financing activities	$ --	$ --	$ --	$(125)(4)	$(119)(2)	$ --	$ 1(4)	$(29)(5)	$(29)(5)
Ratio of EBITDA to interest expense	3.6x	3.6x	4.7x	2.9x	3.0x	4.7x	3.0x	4.6x	4.1x
Ratio of earnings to fixed charges (3)	2.6	2.7	3.6	2.1	2.2	3.6	3.0	3.5	3.3

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(1) EBITDA represents earnings before interest, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flow for the period, nor is it presented as an alternative to operating income as an indicator of operating performance, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles ("GAAP") in the United States and is not indicative of operating income or cash flow from operations as determined under GAAP.

(2) Does not include the $1.9 billion and $74 million cash flow effects associated with the acquisition of Panhandle by CMS Energy, and the acquisition of Sea Robin by Panhandle, respectively.

(3) For the purpose of computing the ratio, earnings represent net income before income tax, net interest charges and the estimated interest portions of lease rentals.

(4) Does not include the $1.9 billion associated with the acquisition of Panhandle by CMS Energy.

(5) Does not include the $74 million cash flow effect associated with the acquisition of Sea Robin by Panhandle.

	YEAR ENDED			THREE MONTHS ENDED	
	12/31 1997	12/31 1998	12/31 1999	03/31 1999	03/31 2000
BALANCE SHEET DATA:					
Current Assets	$ 192	$ 180	$ 272	$ 182	$ 259
Investments and other assets	751	814	788	722	783
Net property, plant and equipment	958	979	1,500	1,488	1,573
Total Assets	1,901	1,973	2,560	2,392	2,615
Current liabilities	920	914	204	124	138
Long-term debt	299	299	1,094	1,088	1,193
Other liabilities	181	202	134	52	154
Common stockholder's equity	501	558	1,128	1,128	1,130
Total liabilities and stockholder's equity	$1,901	$1,973	$2,560	$2,392	$2,615

RISK FACTORS

In addition to the information set forth in this Prospectus, you should carefully consider the risks described below before making an investment in the Exchange Notes. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

DOMESTIC COMPETITION AND REGULATORY RESTRUCTURING

Federal and state regulation of natural gas interstate pipelines has changed dramatically in the last two decades and could continue to change over the next several years. In general, such regulatory changes have resulted and will continue to result in increased competition in our business. In order to meet competitive challenges, we will need to adapt our marketing strategies, the type of transportation and storage services we offer to our customers and our pricing and rate responses to competitive forces in order to maintain and grow our business. We will also need to respond to changes in state regulation in our market area that allow direct sales to all retail end-user customers or, at least, broader customer classes than now allowed. We are not able to predict the financial consequences of these changes at this time, but they could have a material adverse effect on our financial results.

FERC policy allows the issuance of certificates authorizing the construction of new interstate pipelines which are competitive with existing pipelines. A number of new pipeline and pipeline expansion projects have been approved or are pending approval by the FERC in order to transport large additional volumes of natural gas to the Midwest from Canada. These pipelines will be able to compete with us. Increased competition could reduce the volumes of gas transported by us to our existing markets or cause us to lower rates in order to meet competition. This could have a material adverse effect on our financial results.

In 1996, Trunkline filed with FERC and placed into effect a general rate increase; however, a subsequent January 2000 FERC order could, if approved without modification upon rehearing, reduce Trunkline's tariff rates and future revenue levels by approximately 3% of Panhandle's consolidated revenues. Trunkline has requested rehearing of certain matters in this order.

NO PUBLIC MARKET FOR THE EXCHANGE NOTES

There is no active trading market for the Exchange Notes and this market may never develop. If any of the Exchange Notes are traded after their initial issuance, they may trade at a discount from their initial offering price. Factors that could cause the Exchange Notes to trade at a discount are:

- an increase in prevailing interest rates;

- a decline in our credit worthiness;

- a weakness in the market for similar securities; and

- declining general economic conditions.

RESULTS COULD DIFFER MATERIALLY FROM CERTAIN FORWARD-LOOKING STATEMENTS

From time to time, we may make statements regarding our assumptions, projections, expectations, intentions or beliefs about future events. These statements are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995.

We caution that these statements may and often do vary from actual results and the differences between these statements and actual results can be material. Accordingly, we cannot assure you that actual results will not differ materially from those expressed or implied by the forward-looking statements. Some of the factors that could cause actual achievements and events to differ materially from those expressed or implied in any forward-looking statements are:

- entry of competing pipelines into our markets and competitive strategies of competing pipelines, including rate and other pricing practices;
- state and federal legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed and degree to which competition enters the natural gas industry;
- the weather and other natural phenomena;
- the timing and extent of changes in prices of commodities (primarily natural gas and competing fuels) and interest rates;
- changes in environmental and other laws and regulations to which we and our subsidiaries are subject or other external factors over which we have no control;
- the results of financing efforts;
- expansion and other growth opportunities; and
- the effect of accounting policies issued periodically by accounting standard-setting bodies.

Certain of these factors are discussed more completely in our filings with the SEC, including our annual report on Form 10-K for the year ended December 31, 1999, and our quarterly report on Form 10-Q for the quarter ended March 31, 2000, which are incorporated by reference into this Prospectus.

USE OF PROCEEDS

There will be no net proceeds payable to us from the issuance of the Exchange Notes. The net proceeds from the sale of the Notes, were used to fund our acquisition of Sea Robin as well as for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The consolidated ratio of earnings to fixed charges for each of the years ended December 31, 1995 through 1999 and the three months ended March 31, 2000 is as follows:

	YEAR ENDED 12/31				PERIOD FROM 01/01-03/28, 1999	PERIOD FROM 03/29-12/31, 1999	PRO FORMA YEAR ENDED 12/31, 1999	THREE MONTHS ENDED 03/31, 2000	PRO FORMA THREE MONTHS ENDED 03/31, 2000
	1995	1996	1997	1998					
Ratio of earnings to fixed charges	4.8	2.9	2.6	2.7	3.6	2.1	2.2	3.5	3.3

For the purpose of computing the ratio, earnings represent net income before income taxes, net interest charges and the estimated interest portions of lease rentals.

THE COMPANY

We are an indirect wholly owned subsidiary of CMS Energy. We and our subsidiaries are primarily engaged in the interstate transportation and storage of natural gas. Our interstate natural gas transmission and storage operations are subject to the rules and regulations of the FERC. We were incorporated in Delaware in 1929.

On March 29, 1999, CMS Energy acquired all of our outstanding common stock and the outstanding common stock of our principal consolidated subsidiaries, Trunkline and Pan Gas Storage, as well as our affiliates, Panhandle Storage and Trunkline LNG from subsidiaries of Duke Energy Corporation. Panhandle Storage and Trunkline LNG became our direct, wholly-owned subsidiaries. CMS Energy paid $1.9 billion in cash to Duke Energy Corporation and assumed $300 million of existing Panhandle debt.

NATURAL GAS TRANSMISSION

We own approximately 10,400 miles of interstate pipeline systems. Panhandle's natural gas transmission system, which consists of four large-diameter parallel pipelines and 13 mainline compressor stations, extends a distance of approximately 1,300 miles from producing areas in the Anadarko Basin of Texas, Oklahoma and Kansas through the states of Missouri, Illinois, Indiana and Ohio into Michigan. Trunkline's transmission system extends approximately 1,400 miles from the Gulf Coast areas of Texas and Louisiana through the state of Arkansas, Mississippi, Tennessee, Kentucky, Illinois and Indiana to a point on the Indiana-Michigan border. The system consists principally of three large-diameter parallel pipelines, 18 mainline compressor stations and one offshore compressor platform.

Trunkline also owns and operates two offshore Louisiana gas supply systems consisting of 742 miles of pipeline extending approximately 81 miles into the Gulf of Mexico.

Our throughput volumes for the years 1995 to 1999 were 1,182 TBtu, 1,319 TBtu, 1,279 TBtu, 1,141 TBtu and 1,139 TBtu, respectively. A substantial majority of delivered volumes of our interstate pipelines represents gas transported under long-term service agreements with local distribution company (LDC) customers in the pipelines' market areas. Firm transportation services are also provided under contract to gas marketers, producers, other pipelines, electric power generators and a variety of end-users. In addition, the pipelines offer both firm and interruptible transportation to customers on a short-term or seasonal basis. Demand for gas transmission on our pipeline systems is seasonal, with the highest throughput occurring during the colder periods in the first and fourth quarters.

	YEARS ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
NATURAL GAS TRANSMISSION					
Throughput Volumes - TBtu(a)					
Panhandle	663	687	659	560	565
Trunkline	519	632	620	581	574
Total	1,182	1,319	1,279	1,141	1,139

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(a) Trillion British thermal units

Panhandle's major customers include 20 utilities located in the Midwest market area that encompasses large portions of Michigan, Ohio, Indiana, Illinois and Missouri.

Trunkline's major customers include eight utilities located in portions of Tennessee, Missouri, Illinois, Indiana and Michigan.

NATURAL GAS STORAGE AND LNG FACILITY

Our Pan Gas Storage subsidiary also owns and operates three underground storage fields located in Illinois, Michigan and Oklahoma with working gas capacity of 31 Bcf. Pan Gas Storage is also the owner and operator of a 26 Bcf storage field in Kansas. Trunkline owns and operates one 13 Bcf storage field in Louisiana. Since the implementation of Order 636, Panhandle, Trunkline and Pan Gas Storage each provide firm and interruptible storage on an open-access basis. See "Regulation" below. In addition to owning and operating storage fields, Panhandle also leases storage capacity. Panhandle and Trunkline have retained the right to use up to 15 Bcf and 10 Bcf, respectively, of their storage capacity for system needs.

Our subsidiary, Trunkline LNG, owns a LNG regasification plant and related LNG tanker port, unloading facilities and LNG and gas storage facilities located at Lake Charles, Louisiana. The LNG plant has the capacity to deliver 700 million cubic feet per day but has been operated on a limited basis for a number of years.

REGULATION

The FERC has authority to regulate rates and charges for natural gas transported in or stored for interstate commerce or sold by a natural gas company in interstate commerce for resale. The FERC also has authority over the construction and operation of pipeline and related facilities utilized in the transportation and sale of natural gas in interstate commerce, including the extension, enlargement or abandonment of such facilities. Panhandle, Trunkline and Pan Gas Storage hold certificates of public convenience and necessity issued by the FERC, authorizing them to construct and operate the pipelines, facilities and properties now in operation for which such certificates are required, and to transport and store natural gas in interstate commerce.

Our pipelines operate as open-access transporters of natural gas. In 1992, the FERC issued Order 636, which requires open-access pipelines to provide firm and interruptible transportation services on an equal basis for all gas supplies, whether purchased from the pipeline or from another gas supplier. To implement this requirement, Order 636 provided, among other things, for mandatory unbundling of services that historically had been provided by pipelines into separate open-access transportation, sales and storage services. Order 636 allows pipelines to recover eligible costs, known as "transition costs," resulting from the implementation of Order 636.

Regulation of the importation and exportation of natural gas is vested in the Secretary of Energy, who has delegated various aspects of this jurisdiction to the Office of Fossil Fuels of the Department of Energy.

We are also subject to the Natural Gas Pipeline Safety Act of 1968, which regulates gas pipeline safety requirements, and to the Hazardous Liquid Pipeline Safety Act of 1979, which regulates oil and petroleum pipelines.

RECENT DEVELOPMENTS

On March 15, 2000, Trunkline acquired Sea Robin for approximately $74 million from El Paso. Sea Robin owns a 1 billion cubic feet per day capacity natural gas and condensate pipeline which is strategically located west of Trunkline's Terrebonne system in the Gulf of Mexico off the Louisiana coast. The Sea Robin system consist of five offshore valving platforms and one compressor platform, 405 miles of offshore pipeline, 40 miles of onshore pipeline and one compressor station. A producer-owned processing plant and liquids separation facility connects to Sea Robin. Sea Robin accesses the Henry Hub and is indirectly connected to Trunkline by way of the Henry Hub.

On March 9, 2000, CMS Energy, Marathon Ashland Petroleum LLC and TEPPCO Partners, L.P. announced that they had agreed to form a limited liability company to own and operate an interstate products pipeline extending from the U.S. Gulf Coast to Illinois. Each of the companies will own a one-third interest in the LLC.

In exchange for our one-third interest in the new LLC, we will contribute an underutilized portion of our Trunkline natural gas pipeline system representing a 26 inch diameter natural gas pipeline extending 720 miles from Longville, Louisiana to Bourbon, Illinois. We have made a filing with the FERC to take this portion of our Trunkline pipeline out of natural gas service. The joint venture will build a 75-mile, 24-inch diameter pipeline which connects to this pipeline. The conversion of this pipeline to natural liquid products is expected to be completed by the end of 2001.

DESCRIPTION OF THE EXCHANGE NOTES

The Exchange Notes will be issued as one series of debt securities under the Indenture dated as of March 29, 1999 as previously supplemented (the "BASE INDENTURE") and as further supplemented by a Second Supplemental Indenture, dated as of March 27, 2000, establishing the Exchange Notes (the "SUPPLEMENTAL INDENTURE") among us and Bank One Trust Company, National Association, as Trustee (the "TRUSTEE"). The Base Indenture and the Supplemental Indenture are hereinafter referred to collectively as the "INDENTURE." The following summaries of certain provisions of the Indenture, the Exchange Notes and the Registration Rights Agreement (as defined herein) do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the respective documents, including the definitions therein of certain terms. Certain capitalized terms used in this "Description of the Exchange Notes" shall have the meanings respectively set forth in the Indenture or the Registration Rights Agreement, as applicable. Wherever particular defined terms of the Indenture are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference. Section references below are references to sections of the Indenture. Copies of the Indenture are available from the Trustee upon request.

The Exchange Notes will be limited in aggregate principal amount of $100 million. The Indenture does not limit the aggregate principal amount of debt securities that may be issued thereunder and provides that debt securities may be issued thereunder, from time to time, in one or more series. The Exchange Notes and all other debt securities hereafter issued under the Indenture are collectively referred to herein as the "SECURITIES."

GENERAL

As of March 31, 2000, we had outstanding approximately $1.2 billion aggregate principal amount of indebtedness, none of which was secured. None of such indebtedness would be senior to the Exchange Notes and the Exchange Notes will not be senior to such indebtedness. The Exchange Notes will rank equally in right of payment with all other unsecured and unsubordinated indebtedness of Panhandle. The Exchange Notes will rank senior to all of our subordinated debt. We currently have no subordinated debt outstanding.

The Exchange Notes will be issued in the form of one or more Global Notes, in registered form, without coupons, in denominations of $1,000 or an integral multiple thereof as described under "--Book-Entry; Delivery; Form and Transfer." The Global Exchange Notes will be registered in the name of a nominee of DTC. Each Global Exchange Note (and any Exchange Note issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "--Book-Entry; Delivery; Form and Transfer--Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes." Except as set forth herein under "--Book-Entry; Delivery; Form and Transfer--Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes," owners of beneficial interests in a Global Exchange Note will not be entitled to have Exchange Notes registered in their names, will not receive or be entitled to receive physical delivery of any such Exchange Note and will not be considered the registered holder thereof under the Indenture.

PAYMENT AND MATURITY

The Exchange Notes will mature on April 1, 2010, unless redeemed earlier by us as described below, and will bear interest at the rate of 8.25% per annum. At the maturity date, Panhandle will pay the aggregate principal amount of the then outstanding Exchange Notes.

Each Exchange Note will bear interest from the original date of issue payable semi-annually in arrears on April 1 and October 1, commencing October 1, 2000, and at maturity. So long as Exchange Notes are held in the form of one or more Global Exchange Notes, payments of principal, premium, interest and Liquidated Damages (as defined herein), if any, will be payable through the facilities of DTC.

Payment of any interest due on the Exchange Notes will be made to the Persons in whose names the Exchange Notes are registered at the close of business on the Record Date for such interest payments. The record dates for the Exchange Notes shall be March 15 or September 15 preceding the applicable payment date. In any case where any interest payment date, repurchase date or maturity of any Exchange Note will not be a Business Day (as hereinafter defined) at any place of payment, then payment of interest or principal (and premium, if any) need not be made on that date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the interest payment date, repurchase date or at maturity; and no interest will accrue on the amount so payable for the period from and after such interest payment date, redemption date, repurchase date or maturity, as the case may be, to such Business Day.

REDEMPTION

The Exchange Notes will be redeemable at our option at any time and from time to time, in whole or in part, upon not less than 30 nor more than 45 days notice to each holder of such Exchange Notes, at a redemption price equal to the Make-Whole Price of such Exchange Notes. "MAKE-WHOLE PRICE" means an amount equal to the greater of (1) 100% of the principal amount of the Exchange Notes to be redeemed and (2) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in each case, accrued and unpaid interest thereon to the date of redemption. Unless there is a default in the payment of the redemption price, on and after the date of redemption, interest will cease to accrue on Exchange Notes or portions thereof called for redemption.

"ADJUSTED TREASURY RATE" means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price at such date of redemption, plus 25 basis points (0.25%).

"COMPARABLE TREASURY ISSUE" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Exchange Notes to be redeemed, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Exchange Notes.

"COMPARABLE TREASURY PRICE" means, with respect to any date of redemption, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such date of redemption, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities," or (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of both such Reference Treasury Dealer Quotations.

"INDEPENDENT INVESTMENT BANKER" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with Panhandle.

"REFERENCE TREASURY DEALER" means, for the Exchange Notes, Donaldson, Lufkin & Jenrette Securities Corporation and its respective successors; provided, however, that if any of the foregoing shall not be a primary U.S. Government securities dealer in New York City (a "PRIMARY TREASURY DEALER"), we shall substitute therefor another Primary Treasury Dealer.

"REFERENCE TREASURY DEALER QUOTATIONS" means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such date of redemption.

We may purchase the Exchange Notes in the open market, by tender or otherwise. Exchange Notes so purchased may be held, resold or surrendered to the Trustee for cancellation. If applicable, we will comply with the requirements of Rule 14e-1 under the Exchange Act, and other securities laws and regulations in connection with any such purchase.

No sinking fund is provided for the Exchange Notes.

CERTAIN DEFINITIONS

"ADJUSTED CONSOLIDATED NET INCOME" means, for any period, the net income of Panhandle and its consolidated Subsidiaries, plus (1) depreciation and amortization expense of Panhandle and its consolidated Subsidiaries, (2) income taxes and deferred taxes of Panhandle and its consolidated Subsidiaries and (3) other non-cash charges, in each case, determined on a consolidated basis in accordance with generally accepted accounting principles; provided, however, that there shall not be included in such Adjusted Consolidated Net Income (1) any net income of any Person if such Person is not a Subsidiary, except that (A) Panhandle's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to Panhandle or a consolidated Subsidiary as a dividend or other distribution and (B) Panhandle's equity in a net loss of any such Person for such period shall be included in determining such Adjusted Consolidated Net Income; and (2) any net

income of any Person acquired by Panhandle or a Subsidiary in a pooling-of-interests transaction for any period prior to the date of such acquisition.

"BUSINESS DAY" means a day on which banking institutions in the Borough of Manhattan, New York, New York are not authorized or required by law or regulation to close.

"CAPITAL STOCK" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock, including any Preferred Stock or letter stock; provided that Hybrid Preferred Securities are not considered Capital Stock for purposes of this definition.

"CONSOLIDATED DEBT" means the total Debt of Panhandle and its consolidated Subsidiaries, as set forth on the consolidated balance sheet of Panhandle and its consolidated Subsidiaries for Panhandle's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

"CONSOLIDATED INTEREST EXPENSE" means, for any period, the total interest expense in respect of Consolidated Debt of Panhandle and its consolidated Subsidiaries, including, without duplication, (1) interest expense attributable to capital leases; (2) amortization of debt discount; (3) capitalized interest; (4) cash and noncash interest payments; (5) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing; (6) net costs under Interest Rate Protection Agreements (including amortization of discount); and (7) interest expense in respect of obligations of other Persons that constitutes Debt of Panhandle or any of its consolidated Subsidiaries, provided, however, that Consolidated Interest Expense shall exclude any costs otherwise included in interest expense recognized on early retirement of debt.

"CONSOLIDATED NET TANGIBLE ASSETS" means, at any date of determination, the total amount of assets after deducting therefrom (1) all current liabilities (excluding (A) 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 (B) current maturities of long-term debt), and (2) 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 Panhandle and its consolidated Subsidiaries for Panhandle's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles. "Intangible assets" does not include any value write-up of tangible assets (other than in connection with the acquisition of the Panhandle Companies by CMS Energy) in connection with acquisition transactions accounted for on a purchase method.

"DEBT" means any obligation created or assumed by any Person for the repayment of money borrowed and any purchase money obligation created or assumed by such Person.

"EXCHANGEABLE STOCK" means any Capital Stock of a corporation that is exchangeable or convertible into another security (other than Capital Stock of such corporation that is neither Exchangeable Stock nor Redeemable Stock).

"FIXED CHARGE COVERAGE RATIO" means the ratio of Adjusted Consolidated Net Income plus Consolidated Interest Expense to Consolidated Interest Expense, for the

four fiscal quarters of Panhandle ending immediately prior to the date of determination (or, in respect of any such determination occurring prior to March 31, 2000, the number of full fiscal quarters that shall have elapsed from March 29, 1999, which is the date of CMS Energy's acquisition of the Panhandle Companies).

"FUNDED DEBT" means all Debt maturing one year or more from the date of the creation thereof, all Debt directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all Debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

"HYBRID PREFERRED SECURITIES" means preferred securities issued by a Hybrid Preferred Securities Subsidiary, where such preferred securities have the following characteristics: (i) such Hybrid Preferred Securities Subsidiary lends substantially all of the proceeds for the issuance of such preferred securities to Panhandle in exchange for subordinated debt issued by the Panhandle, respectively; (ii) such preferred securities contain terms providing for the deferral of distributions corresponding to provisions providing for the deferral of interest payments on such subordinated debt; and (iii) the Panhandle makes periodic interest payments on such subordinated debt, which interest payments are in turn used by the Hybrid Preferred Securities Subsidiary to make corresponding payments to the holder of the Hybrid Preferred Securities.

"LEVERAGE RATIO" means 100% multiplied by the ratio of Consolidated Debt to Total Capital at the end of the most recent fiscal quarter preceding the date of determination.

"LIEN" means any mortgage, pledge, security interest, charge, lien or other encumbrance of any kind, whether or not filed, recorded or perfected under applicable law.

"LOAN" means any direct or indirect advance (other than advances to customers in the ordinary course of business that are recorded as receivables on the balance sheet of the Person making such advances), loan or other extension of credit (including by way of guarantee or similar arrangement) to another Person or any purchase of Debt issued by another Person, where such advance, loan, extension of credit or Debt is subordinated in right of payment to the senior creditors of the borrower.

"MOODY'S" means Moody's Investors Service, Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the Exchange Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by Panhandle which is acceptable to the Trustee.

"NON-CONVERTIBLE CAPITAL STOCK" means, with respect to any corporation, any non-convertible Capital Stock of such corporation and any Capital Stock of such corporation convertible solely into non-convertible Capital Stock other than Preferred Stock of such corporation; provided, however, that Non-Convertible Capital Stock shall not include any Redeemable Stock or Exchangeable Stock.

"PERMITTED LIENS" means: (1) Liens upon rights-of-way for pipeline purposes; (2) any governmental Lien, mechanics', materialmen's, carriers' or similar Lien

incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined Lien which is incidental to construction; (3) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property; (4) Liens for taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by Panhandle or any Subsidiary in good faith; (5) Liens of, or to secure performance of, leases; (6) any Lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings; (7) any Lien upon property or assets acquired or sold by Panhandle or any Restricted Subsidiary resulting from the exercise of any rights arising out of defaults on receivables; (8) any Lien incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations; (9) any Lien upon any property or assets in accordance with customary banking practice to secure any Debt incurred by Panhandle or any Restricted Subsidiary in connection with the exporting of goods to, or between, or the marketing of goods in, or the importing of goods from, foreign countries; or (10) any Lien in favor of the United States of America or any state thereof, or any other country, or any political subdivision of any of the foregoing, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any Lien securing industrial development, pollution control or similar revenue bonds.

"PERSON" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, other entity, unincorporated organization, or government or any agency or political subdivision thereof.

"PRINCIPAL PROPERTY" means any natural gas pipeline system, natural gas gathering system or natural gas storage facility located in the United States, except any such property that in the opinion of the Board of Directors is not of material importance to the business conducted by Panhandle and its consolidated Subsidiaries taken as a whole.

"REDEEMABLE STOCK" means any Capital Stock that by its terms or otherwise is required to be redeemed prior to the 90th day before the stated maturity of any of the outstanding Exchange Notes or is redeemable at the option of the holder thereof at any time prior to the 90th day before the stated maturity of any of the outstanding Exchange Notes.

"RESTRICTED SUBSIDIARY" means any Subsidiary of Panhandle owning or leasing any Principal Property.

"SALE-LEASEBACK TRANSACTION" means, with respect to Panhandle or any Restricted Subsidiary, the sale or transfer by Panhandle or such Restricted Subsidiary of any Principal Property to a Person (other than Panhandle or a Subsidiary) and the taking back by Panhandle or such Restricted Subsidiary, as the case may be, of a lease of such Principal Property. With respect to Panhandle, "Sale-Leaseback Transaction" means the sale or transfer by Panhandle of any assets or property to another Person and the taking back by Panhandle of a lease of such assets or property.

"STANDARD & POOR'S" means Standard & Poor's Ratings Group, a division of McGraw Hill Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the Exchange Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by Panhandle which is acceptable to the Trustee.

"SUBSIDIARY" means with respect to any Person, (i) any corporation at least a majority of whose outstanding Voting Stock shall at the time be owned, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, (ii) any general partnership, joint venture or similar entity, at least a majority of whose outstanding partnership or similar interests shall at the time be owned by such person, or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries and (iii) any limited partnership of which such Person or any of its Subsidiaries is a general partner.

"TOTAL CAPITAL" means the sum of (1) Consolidated Debt and (2) Capital Stock, Hybrid Preferred Securities, premium on Capital Stock, capital surplus, capital in excess of par value and retained earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of Capital Stock of Panhandle held in treasury, all as set forth on the consolidated balance sheet of Panhandle and its consolidated Subsidiaries for Panhandle's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

LIMITATION ON RESTRICTED PAYMENTS

The Indenture provides that, so long as any of the Exchange Notes are outstanding and until either:

(1) such Exchange Notes are rated Baa1 (or an equivalent rating) or higher by Moody's and BBB+ (or an equivalent rating) or higher by Standard & Poor's; or

(2) so long as we are a Subsidiary of CMS Energy, the long-term senior unsecured debt rating of CMS Energy is rated Baa3 (or an equivalent rating) or higher by Moody's and BBB--(or an equivalent rating) or higher by Standard & Poor's;

in each case at which time we will be permanently released from the provisions described in this "Limitation on Restricted Payments," we will not, and will not permit any of our Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on the Capital Stock of Panhandle to the direct or indirect holders of its Capital Stock (except dividends or distributions payable solely in its Non-Convertible Capital Stock or in options, warrants or other rights to purchase such Non-Convertible Capital Stock and except dividends or distributions payable to Panhandle or a Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value any Capital Stock of Panhandle; or

(3) make any Loan to CMS Energy or any of its affiliates that is not a Subsidiary of Panhandle;

(any such dividend, distribution, purchase, redemption, other acquisition or retirement described in (1) through (3) above being hereinafter referred to as a "RESTRICTED

PAYMENT"), unless at the time Panhandle or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) no Event of Default, and no event that with the lapse of time or the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing (or would result therefrom);

(2) Our Fixed Charge Coverage Ratio is greater than or equal to 2.2; and

(3) Our Leverage Ratio is less than or equal to 55%.

Notwithstanding the foregoing, Panhandle or any of its Restricted Subsidiaries may declare, make or pay any Restricted Payment, if at the time Panhandle or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) no Event of Default, and no event that with the lapse of time or the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing (or would result therefrom); and

(2) the aggregate amount of such Restricted Payment and all other Restricted Payments made since the date of issuance of the Exchange Notes would not exceed the sum of:

(a) $50 million;

(b) 75% of Adjusted Consolidated Net Income accumulated since the date of issuance of the Exchange Notes to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment; and

(c) the aggregate net cash proceeds received by Panhandle after the date of issuance of the Exchange Notes from capital contributions or the issuance of Capital Stock of Panhandle to a person who is not a Subsidiary of Panhandle, or from the issuance to such a person of options, warrants or other rights to acquire such Capital Stock of Panhandle.

None of the foregoing provisions will prohibit:

(1) dividends or other distributions paid in respect of any class of Capital Stock issued by Panhandle in connection with the acquisition of any business or assets by Panhandle or a Restricted Subsidiary where the dividends or other distributions with respect to such Capital Stock are payable solely from the net earnings of such business or assets;

(2) any purchase or redemption of Capital Stock of Panhandle made by exchange for, or out of the proceeds of the substantially concurrent sale of, Non-Convertible Capital Stock of Panhandle; or

(3) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividends would have complied with this covenant.

LIMITATION ON LIENS

The Indenture provides that Panhandle will not, nor will it permit any Restricted Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property, whether owned or leased on the date of the Indenture or thereafter acquired, to

secure any Debt of Panhandle or any other Person (other than the Exchange Notes), without in any such case making effective provision whereby all of the Exchange Notes outstanding shall be secured equally and ratably with, or prior to, such Debt so long as such Debt shall be so secured. There is excluded from this restriction:

(1) any Lien upon any property or assets of Panhandle or any Restricted Subsidiary in existence on the date of the Indenture or created pursuant to an "after-acquired property" clause or similar term in existence on the date of the Indenture or any mortgage, pledge agreement, security agreement or other similar instrument in existence on the date of the Indenture;

(2) any Lien upon any property or assets created at the time of acquisition of such property or assets by Panhandle or any Restricted Subsidiary or within 18 months after such time to secure all or a portion of the purchase price for such property or assets or Debt incurred to finance such purchase price, whether such Debt was incurred prior to, at the time of or within 18 months of such acquisition;

(3) any Lien upon any property or assets existing thereon at the time of the acquisition thereof by Panhandle or any Restricted Subsidiary (whether or not the obligations secured thereby are assumed by Panhandle or any Restricted Subsidiary);

(4) any Lien upon any property or assets of a Person existing thereon at the time such Person becomes a Restricted Subsidiary by acquisition, merger or otherwise (whether or not such Lien was created in anticipation of such acquisition);

(5) any Lien securing obligations assumed by Panhandle or any Restricted Subsidiary existing at the time of the acquisition by Panhandle or any Restricted Subsidiary of the property or assets subject to such Lien or at the time of the acquisition of the Person which owns such property or assets;

(6) any Lien on property to secure all or part of the cost of construction or improvements thereon or to secure Debt incurred prior to, at the time of, or within 18 months after completion of such construction or making of such improvements, to provide funds for any such purpose;

(7) any Lien in favor of Panhandle or any Restricted Subsidiary;

(8) any Lien created or assumed by Panhandle or any Restricted Subsidiary in connection with the issuance of Debt the interest on which is excludable from gross income of the holder of such Debt pursuant to the Internal Revenue Code of 1986, as amended, or any successor statute, for the purpose of financing, in whole or in part, the acquisition or construction of property or assets to be used by Panhandle or any Subsidiary;

(9) any Lien upon property or assets of any foreign Restricted Subsidiary to secure Debt of that foreign Restricted Subsidiary;

(10) Permitted Liens;

(11) any Lien created by any program providing for the financing, sale or other disposition of trade or other receivables classified as current assets in accordance with United States generally accepted accounting principles entered into by Panhandle or by a Subsidiary of Panhandle, provided that such program is on terms customary for similar transactions, or any document executed by any Subsidiary in connection

therewith, provided that such Lien is limited to the trade or other receivables in respect of which such program is created or exists, and the proceeds thereof;

(12) any Lien upon any additions, improvements, replacements, repairs, fixtures, appurtenances or component parts thereof attaching to or required to be attached to property or assets pursuant to the terms of any mortgage, pledge agreement, security agreement or other similar instrument, creating a Lien upon such property or assets permitted by clauses (1) through (11), inclusive, above; or

(13) any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancing, refundings or replacements) of any Lien, in whole or in part, that is referred to in clauses (1) through (6), inclusive, above (and liens related thereto referred to in clause (12)), or of any Debt secured thereby; provided, however, that the principal amount of Debt secured thereby shall not exceed the greater of the principal amount of Debt so secured at the time of such extension, renewal, refinancing, refunding or replacement and the original principal amount of Debt so secured (plus in each case the aggregate amount of premiums, other payments, costs and expenses paid or incurred in connection with such extension, renewal, refinancing, refunding or replacement); provided further, however, that such extension, renewal, refinancing, refunding or replacement shall be limited to all or a part of the property (including improvements, alterations and repairs on such property) subject to the encumbrance so extended, renewed, refinanced, refunded or replaced (plus improvements, alterations and repairs on such property).

Notwithstanding the foregoing, under the Indenture, Panhandle may, and may permit any Restricted Subsidiary to, create, assume, incur, or suffer to exist any Lien upon any Principal Property to secure Debt of Panhandle or any Person (other than the Exchange Notes) that is not otherwise excepted by clauses (1) through (8), inclusive, above without securing the Exchange Notes issued under the Indenture, provided that the aggregate principal amount of all Debt then outstanding secured by such Lien and all similar Liens, together with all net sale proceeds from Sale-Leaseback Transactions (excluding Sale-Leaseback Transactions permitted by clauses (1) through (4), inclusive, of the first paragraph of the restriction on sale-leasebacks covenant described below) does not exceed the greater of 15% of Consolidated Net Tangible Assets or 15% of Total Capital.

RESTRICTION ON SALE-LEASEBACKS

The Indenture provides that Panhandle will not, nor will it permit any Restricted Subsidiary to, engage in a Sale-Leaseback Transaction, unless:

(1) such Sale-Leaseback Transaction occurs within 18 months from the date of acquisition of the Principal Property subject thereto or the date of the completion of construction or commencement of full operations on such Principal Property, whichever is later;

(2) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than four years;

(3) Panhandle or such Restricted Subsidiary would be entitled to incur Debt secured by a Lien on the Principal Property subject thereto in a principal amount equal to or exceeding the net sale proceeds from such Sale-Leaseback Transaction without securing the Exchange Notes; or

(4) Panhandle or such Restricted Subsidiary, within an 18-month period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-Leaseback Transaction to (A) the repayment, redemption or retirement of Funded Debt of Panhandle or any Subsidiary, or (B) investment in another Principal Property or in a Subsidiary of Panhandle which owns another Principal Property.

Notwithstanding the foregoing, under the Indenture, Panhandle may, and may permit any Restricted Subsidiary to, effect any Sale-Leaseback Transaction that is not otherwise excepted by clauses (1) through (4), inclusive, of the above paragraph, provided that the net sale proceeds from such Sale-Leaseback Transaction, together with the aggregate principal amount of outstanding Debt (other than the Exchange Notes) secured by Liens upon Principal Properties not excepted by clauses (1) through (13), inclusive, of the first paragraph of the limitation on liens covenant described above, do not exceed the greater of 15% of the Consolidated Net Tangible Assets or 15% of Total Capital.

EVENTS OF DEFAULT

Any one of the following events constitutes an Event of Default under the Indenture with respect to the Exchange Notes:

(1) default in the payment of the principal of, or premium, if any, on any Exchange Note at its maturity;

(2) default in the payment of any interest or Liquidated Damages on any Exchange Note when it becomes due and payable and continuance of such default for a period of 60 days;

(3) default in the performance, or breach, of any term, covenant or warranty contained in the Indenture with respect to the Exchange Notes for a period of 90 days upon giving written notice as provided in the Indenture; or

(4) the occurrence of certain events of bankruptcy.

If an Event of Default with respect to the Exchange Notes occurs and is continuing, either the Trustee or the holders of at least 33% in aggregate principal amount of the outstanding Exchange Notes by notice as provided in the Indenture may declare the principal amount of all the Exchange Notes to be due and payable immediately. At any time after a declaration of acceleration with respect to the Exchange Notes has been made, but before a judgment or decree for payment of money has been obtained by the Trustee, the holders of a majority in aggregate principal amount of the outstanding Exchange Notes, under certain circumstances, may rescind and annul such acceleration.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Exchange Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Exchange Notes; provided, however, that

the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability.

The holders of a majority in aggregate principal amount of the outstanding Exchange Notes may, on behalf of all holders of Exchange Notes, waive any past default under the Indenture with respect to any Exchange Notes, except a default:

(1) in the payment of principal of, or premium, if any, or any interest on any Exchange Note; or

(2) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding Exchange Note affected.

Panhandle is required to furnish to the Trustee annually a statement as to the performance by it of its obligations under the Indenture and as to any default in such performance.

LEGAL AND COVENANT DEFEASANCE

The Indenture provides that Panhandle will be discharged from any and all obligations in respect of the outstanding Exchange Notes (excluding, however, certain obligations, such as the obligation to register the transfer or exchange of such outstanding Exchange Notes, to replace stolen, lost, mutilated or destroyed certificates, and to maintain paying agencies) on the 123rd day following the deposit referred to in the following clause (1), subject to the following conditions: (1) the irrevocable deposit, in trust, of cash or U.S. Government Obligations (or a combination thereof) which through the payment of interest and principal thereof in accordance with their terms will provide cash in an amount sufficient to pay the principal and interest and premium, if any, on the outstanding Exchange Notes and any mandatory sinking fund payments, in each case, on the stated maturity of such payments in accordance with the terms of the Indenture and the outstanding Exchange Notes or on any redemption date established pursuant to clause (3) below; (2) receipt by Panhandle of an Opinion of Counsel based on the fact that (A) Panhandle has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case, to the effect that, and confirming that, the holders of the Exchange Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit and defeasance had not occurred; (3) if any Exchange Notes are to be redeemed prior to stated maturity (other than from mandatory sinking fund payments or analogous payments), notice of such redemption shall have been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee shall have been made; (4) no Event of Default or event which with notice or lapse of time or both would become an Event of Default will have occurred and be continuing on the date of such deposit; and (5) Panhandle's delivery to the Trustee of an Officers' Certificate and an Opinion of Counsel, each stating that the conditions precedent under the Indenture have been complied with.

Under the Indenture, Panhandle also may discharge their obligations referred to above under "Limitation on Restricted Payments," "--Limitation on Liens," "--Restriction on Sale-Leasebacks," and below under "--Consolidation, Merger and Sale of Assets," as well

as certain of their obligations relating to reporting obligations under the Indenture, in respect of the Exchange Notes on the 123rd day following the deposit referred to in clause (1) in the immediately preceding paragraph, subject to satisfaction of the conditions described in clauses (1), (3), (4) and (5) in the immediately preceding paragraph with respect to the Exchange Notes and the delivery of an Opinion of Counsel confirming that the holders of the Exchange Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to Federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit and covenant defeasance had not occurred.

MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by Panhandle and the Trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding Exchange Notes, provided, however, that no such modification or amendment may, without consent of the holder of each outstanding Exchange Note affected thereby:

(1) change the Stated Maturity of the principal of, or the time of payment of any installment of principal of or interest on, any Exchange Note;

(2) reduce the principal amount of, or premium or interest on, any Exchange Note;

(3) change the coin or currency in which any Exchange Note or any premium or interest thereon is payable;

(4) reduce the percentage in principal amount of outstanding Exchange Notes, the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults; or

(5) modify any of the above provisions.

The holders of a majority in aggregate principal amount of the outstanding Exchange Notes may, on behalf of the holders of all Exchange Notes, waive, insofar as the Exchange Notes are concerned, compliance by Panhandle with certain restrictive provisions of the Indenture.

CONSOLIDATION, MERGER AND SALE OF ASSETS

Panhandle, without the consent of the holders of any of the outstanding Exchange Notes, may consolidate with or merge into, or convey, transfer or lease its assets substantially as an entirety to, any Person which is a corporation, partnership or trust organized and validly existing under the laws of any domestic jurisdiction, provided that any successor Person assumes Panhandle's obligations on the Exchange Notes and under the Indenture, that after giving effect to the transaction no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, shall have occurred and be continuing, and that certain other conditions are met.

GOVERNING LAW

The Indenture and the Exchange Notes will be governed by, and construed in accordance with, the laws of the State of New York.

REGARDING THE TRUSTEE

Panhandle and certain of its affiliates from time to time borrow money from, and maintain deposit accounts and conduct certain banking transactions with, the Trustee or its affiliates in the ordinary course of their business.

BOOK-ENTRY; DELIVERY; FORM AND TRANSFER

The Exchange Notes which are exchanged for Notes which were sold to qualified institutional buyers ("QIB'S") will be issued initially in the form of one or more registered global Exchange Notes without interest coupons (collectively the "GLOBAL EXCHANGE NOTES"). Upon issuance, the Global Exchange Notes will be deposited with the Trustee, as custodian for DTC, and registered in the name of DTC or its nominee, in each case for credit to the accounts of DTC's Direct and Indirect Participants (as defined below).

The Global Exchange Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee in certain limited circumstances. Beneficial interests in the Global Exchange Notes may be exchanged for Exchange Notes in certificated form in certain limited circumstances. See "--Transfer of Interests in Global Exchange Notes for Certificated Exchange Notes."

DEPOSITARY PROCEDURES

DTC has advised Panhandle that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "DIRECT PARTICIPANTS") and to facilitate the clearance and settlement of transactions in those securities between Direct Participants through electronic book-entry changes in accounts of Participants. The Direct Participants include securities brokers and dealers (including the Initial Purchaser), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities that clear through or maintain a direct or indirect, custodial relationship with a Direct Participant (collectively, the "INDIRECT PARTICIPANTS"). DTC may hold securities beneficially owned by other persons only through the Direct Participants or Indirect Participants, and such other persons' ownership interest and transfer of ownership interest will be recorded only on the records of the appropriate Direct Participant and/or Indirect Participant, and not on the records maintained by DTC.

DTC has also advised Panhandle that, pursuant to DTC's procedures, (1) upon deposit of the Global Exchange Notes, DTC will credit the accounts of the Direct Participants designated by the Initial Purchaser with portions of the principal amount of the Global Exchange Notes allocated by the Initial Purchaser to such Direct Participants, and (2) DTC will maintain records of the ownership interests of such Direct Participants in the Global Exchange Notes and the transfer of ownership interests by and between Direct Participants. DTC will not maintain records of the ownership interests of, or the transfer of ownership interests by and between, Indirect Participants or other owners of beneficial interests in the Global Exchange Notes. Direct Participants and Indirect Participants must maintain their own records of the ownership interests of, and the transfer of ownership interests by and between, Indirect Participants and other owners of beneficial interests in the Global Exchange Notes. Investors in the Global Exchange Notes may hold their interests therein directly through DTC if they are Direct Participants in DTC or indirectly through organizations that are Direct Participants in DTC. All ownership interests in any Global Exchange Notes may be subject to the procedures and requirements of DTC.

The laws of some states require that certain persons take physical delivery in definitive, certificated form, of securities that they own. This may limit or curtail the ability to transfer beneficial interests in a Global Exchange Note to such persons. Because DTC can act only on behalf of Direct Participants, which in turn act on behalf of Indirect Participants and others, the ability of a person having a beneficial interest in a Global Exchange Note to pledge such interest to persons or entities that are not Direct Participants in DTC, or to otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests. For certain other restrictions on the transferability of the Exchange Notes see "--Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes."

EXCEPT AS DESCRIBED IN "--TRANSFERS OF INTERESTS IN GLOBAL EXCHANGE NOTES FOR CERTIFICATED EXCHANGE NOTES," OWNERS OF BENEFICIAL INTERESTS IN THE GLOBAL EXCHANGE NOTES WILL NOT HAVE EXCHANGE NOTES REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF EXCHANGE NOTES IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS OR HOLDERS THEREOF UNDER THE INDENTURE FOR ANY PURPOSE.

Under the terms of the Indenture, Panhandle and the Trustee will treat the persons in whose names the Exchange Notes are registered (including Exchange Notes represented by Global Exchange Notes) as the owners thereof for the purpose of receiving payments and for any and all other purposes whatsoever. Payments in respect of the principal, premium, Liquidated Damages, if any, and interest on Global Exchange Notes registered in the name of DTC or its nominee will be payable by the Trustee to DTC or its nominee as the registered holder under the Indenture. Consequently, neither Panhandle, the Trustee nor any agent of Panhandle or the Trustee has or will have any responsibility or liability for (1) any aspect of DTC's records or any Direct Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Exchange Notes or for maintaining, supervising or reviewing any of DTC's records or any Direct Participant's or Indirect Participant's records relating to the beneficial ownership interests in any Global Exchange Note or (2) any other matter relating to the actions and practices of DTC or any of its Direct Participants or Indirect Participants.

DTC has advised Panhandle that its current payment practice (for payments of principal, interest and the like) with respect to securities such as the Exchange Notes is to credit the accounts of the relevant Direct Participants with such payment on the payment date in amounts proportionate to such Direct Participant's respective ownership interests in the Global Exchange Notes as shown on DTC's records. Payments by Direct Participants and Indirect Participants to the beneficial owners of the Exchange Notes will be governed by standing instructions and customary practices between them and will not be the responsibility of DTC, the Trustee or Panhandle. Neither Panhandle nor the Trustee will be liable for any delay by DTC or its Direct Participants or Indirect Participants in identifying the beneficial owners of the Exchange Notes, and Panhandle and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee as the registered owner of the Exchange Notes for all purposes.

The Global Exchange Notes will trade in DTC's Same-Day Funds Settlement System and, therefore, transfers between Direct Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in immediately available funds. Transfers between Indirect Participants who hold an interest through a Direct Participant will be effected in accordance with the procedures of such Direct Participant but generally will settle in immediately available funds.

DTC has advised Panhandle that it will take any action permitted to be taken by a holder of Exchange Notes only at the direction of one or more Direct Participants to whose account interests in the Global Exchange Notes are credited and only in respect of such portion of the aggregate principal amount of the Exchange Notes as to which such Direct Participant or Direct Participants has or have given direction. However, if there is an Event of Default with respect to the Exchange Notes, DTC reserves the right to exchange Global Exchange Notes (without the direction of one or more of its Direct Participants) for legended Exchange Notes in certificated form, and to distribute such certificated forms of Exchange Notes to its Direct Participants. See "--Transfers of Interests in Global Exchange Notes for Certificated Exchange Notes."

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in the Global Exchange Notes among Direct Participants, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither Panhandle nor the Trustee will have any responsibility for the performance by DTC, or its respective Direct and Indirect Participants of their respective obligations under the rules and procedures governing any of their operations.

The information in this section concerning DTC, and its book-entry system has been obtained from sources that Panhandle believes to be reliable, but Panhandle takes no responsibility for the accuracy thereof.

TRANSFERS OF INTERESTS IN GLOBAL EXCHANGE NOTES FOR CERTIFICATED EXCHANGE NOTES

Global Exchange Notes may be exchanged for Certificated Exchange Notes if (1)(a) DTC notifies Panhandle that it is unwilling or unable to continue as Depositary for the Global Exchange Notes or Panhandle determines that DTC is unable to act as such Depositary and Panhandle thereupon fails to appoint a successor depositary within 90 days or (b) DTC has ceased to be a clearing agency registered under the Exchange Act, (2) Panhandle, at its option, notifies the Trustee in writing that it elects to cause the issuance of Certificated Exchange Notes or (3) there shall have occurred and be continuing a Default or an Event of Default with respect to the Exchange Notes. In any such case, Panhandle will notify the Trustee in writing that, upon surrender by the Direct and Indirect Participants of their interest in such Global Exchange Note, Certificated Exchange Notes will be issued to each person that such Direct and Indirect Participants and the DTC identify as being the beneficial owner of the related Exchange Notes.

Beneficial interests in Global Exchange Notes held by any Direct or Indirect Participant may be exchanged for Certificated Exchange Notes upon request to DTC, by such Direct Participant (for itself or on behalf of an Indirect Participant), to the Trustee in accordance with customary DTC procedures. Certificated Exchange Notes delivered in exchange for any beneficial interest in any Global Exchange Note will be registered in the names, and issued in any approved denominations, requested by DTC on behalf of such Direct or Indirect Participants (in accordance with DTC's customary procedures).

Neither Panhandle nor the Trustee will be liable for any delay by the holder of the Global Exchange Notes or DTC in identifying the beneficial owners of Exchange Notes, and Panhandle and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of the Global Exchange Note or DTC for all purposes.

CERTIFICATED EXCHANGE NOTES

Certificated Exchange Notes may be exchangeable for other Certificated Exchange Notes of any authorized denominations and of a like aggregate principal amount and tenor. Certificated Exchange Notes may be presented for exchange, and may be presented for registration of transfer (duly endorsed, or accompanied by a duly executed written instrument of transfer), at the designated office of the Trustee in Detroit, Michigan (the "SECURITY REGISTRAR"). The Security Registrar will not charge a service charge for any registration of transfer or exchange of Exchange Notes; however, Panhandle may require payment by a holder of a sum sufficient to cover any tax, assessment or other governmental charge payable in connection therewith, as described in the Indenture. Such transfer or exchange will be effected upon the Security Registrar or such other transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. Panhandle may at any time designate additional transfer agents with respect to the Exchange Notes.

Panhandle shall not be required to (a) issue, exchange or register the transfer of any Certificated Exchange Note for a period of 15 days next preceding the mailing of notice of redemption of such Exchange Note or (b) exchange or register the transfer of any Certificated Exchange Note or portion thereof selected, called or being called for redemption, except in the case of any Certificated Exchange Note to be redeemed in part, the portion thereof not so to be redeemed.

If a Certificated Exchange Note is mutilated, destroyed, lost or stolen, it may be replaced at the office of the Security Registrar upon payment by the holder of such expenses as may be incurred by Panhandle and the Security Registrar in connection therewith and the furnishing of such evidence and indemnity as Panhandle and the Security Registrar may require. Mutilated Exchange Notes must be surrendered before new Exchange Notes will be issued.

SAME DAY SETTLEMENT

Payments in respect of the Exchange Notes represented by the Global Exchange Notes (including principal, premium, if any, and interest) will be made by wire transfer of immediately available same day funds to the accounts specified by the holder of interests in such Global Exchange Note. Principal, premium, if any, and interest and Liquidated Damages, if any, on all Certificated Exchange Notes in registered form will be payable at the office or agency of the Trustee in The City of New York, except that, at the option of Panhandle payment of any interest and Liquidated Damages, if any, may be made (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the security register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the security register.

THE EXCHANGE OFFER

REGISTRATION RIGHTS; LIQUIDATED DAMAGES

We sold the Notes on March 27, 2000, pursuant to the Purchase Agreement dated March 22, 2000(the "PURCHASE AGREEMENT") by and among us and Donaldson, Lufkin & Jenrette Securities Corporation (the "INITIAL PURCHASER") and were subsequently offered by

the Initial Purchaser to qualified institutional buyers pursuant to Rule 144A that are accredited investors in a manner exempt from registration under the Securities Act.

The summary herein of certain provisions of the Registration Rights Agreement does not purport to be complete and reference is made to the provisions of the Registration Rights Agreement which has been filed as an exhibit to the Exchange Offer Registration Statement and a copy of which is available as set forth in "Where to Find More Information."

We and the Initial Purchaser entered into the Registration Rights Agreement pursuant to which we agreed to file with the SEC a registration statement (the "EXCHANGE OFFER REGISTRATION STATEMENT") on the appropriate form under the Securities Act with respect to the offer to exchange the Notes for the Exchange Notes to be registered under the Securities Act with terms substantially identical to those of the Notes (the "EXCHANGE OFFER") (except that the Exchange Notes will not contain terms with respect to transfer restrictions). Upon the effectiveness of the Exchange Offer Registration Statement, we will offer Exchange Notes pursuant to the Exchange Offer in exchange for Transfer Restricted Securities (as defined herein) to the holders of Transfer Restricted Securities who are able to make certain representations. If (1) we are not required to file the Exchange Offer Registration Statement or permitted to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or SEC policy or (2) any holder of Transfer Restricted Securities notifies us that (A) it is prohibited by law or SEC policy from participating in the Exchange Offer or (B) it may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales or (C) it is a broker-dealer and owns Notes acquired directly from us or an affiliate of ours, we will file with the SEC a shelf registration statement (the "SHELF REGISTRATION STATEMENT") to cover resales of Transfer Restricted Securities by the holders thereof who satisfy certain conditions relating to the provision of information in connection with the Shelf Registration Statement. We will use our best efforts to cause the applicable registration statement to be declared effective as promptly as possible by the SEC. For purposes of the foregoing, "TRANSFER RESTRICTED SECURITIES" means each Note until (1) the date on which such Note has been exchanged by a person other than a broker-dealer for an Exchange Note in the Exchange Offer, (2) following the exchange by a broker-dealer in the Exchange Offer of a Note for an Exchange Note, the date on which such an Exchange Note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the this Prospectus, (3) the date on which such Note has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement, or (4) the date on which such Note is eligible to be distributed to the public pursuant to Rule 144 under the Securities Act.

The Registration Rights Agreement provides that (1) Panhandle will file an Exchange Offer Registration Statement with the SEC on or prior to 90 days after the Closing, (2) Panhandle will use its best efforts to have the Exchange Offer Registration Statement declared effective by the SEC on or prior to 180 days after the Closing Date, (3) unless the Exchange Offer would not be permitted by applicable law or SEC policy, Panhandle will commence the Exchange Offer and use its best efforts to issue on or prior to 30 business days after the date on which the Exchange Offer Registration Statement was declared effective by the SEC, Exchange Notes in exchange for all Notes tendered prior thereto in the Exchange Offer and (4) if obligated to file the Shelf Registration Statement, Panhandle will file the Shelf Registration Statement with the SEC on or prior

to 60 days after such filing obligation arises and to use its best efforts to cause the Shelf Registration to be declared effective by the SEC on or prior to 120 days after the date on which Panhandle becomes obligated to file such Shelf Registration Statement. Except as provided in the next paragraph, if (a) Panhandle fails to file any of the Registration Statements required by the Registration Rights Agreement on or before the date specified for such filing, (b) any of such Registration Statements are not declared effective by the SEC on or prior to the date specified for such effectiveness (the "EFFECTIVENESS TARGET DATE"), (c) Panhandle fails to consummate the Exchange Offer within 30 business days after the Registration Statement is first declared effective with respect to the Exchange Offer Registration Statement or (d) the Shelf Registration Statement or the Exchange Offer Registration Statement is declared effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the Registration Rights Agreement (each such event referred to in clauses (a) through (d) above being a "Registration Default"), then Panhandle will pay liquidated damages to each holder of Notes, with respect to the first 90-day period immediately following the occurrence of the first Registration Default in an amount equal to $0.05 per week per $1,000 principal amount of Notes held by such holder. The amount of the Liquidated Damages will increase by an additional $0.05 per week per $1,000 principal amount of Notes with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Liquidated Damages of $0.25 per week per $1,000 principal amount of Notes. All accrued Liquidated Damages will be paid by Panhandle on each interest payment date to the Depositary by wire transfer of immediately available funds or by federal funds check and to holders of certificated securities by mailing checks to their registered addresses. Following the cure of all Registration Defaults the accrual of Liquidated Damages will cease.

Holders of Notes will be required to make certain representations to Panhandle (as described in the Registration Rights Agreement) in order to participate in the Exchange Offer and will be required to deliver information to be used in connection with the Shelf Registration Statement and to provide comments on the Shelf Registration Statement within the time periods set forth in the Registration Rights Agreement in order to have their Notes included in the Shelf Registration Statement and benefit from the provisions regarding Liquidated Damages set forth above.

Any Notes that remain outstanding after the consummation of the Exchange Offer, together with all Exchange Notes issued in connection with the Exchange Offer, will be treated as a single series of securities under the Indenture.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The term "EXPIRATION DATE" shall mean , 2000 unless Panhandle, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended.

To extend the Expiration Date, Panhandle will notify the Exchange Agent of any extension by oral or written notice and will notify the holders of the Exchange Notes by means of a press release or other public announcement prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Such announcement may state that Panhandle is extending the Exchange Offer for a specified period of time.

Panhandle reserves the right (i) to delay acceptance of any Notes, to extend the Exchange Offer or to terminate the Exchange Offer and not permit acceptance of Notes not previously accepted if any of the conditions set forth herein under "--Conditions" shall have occurred and shall not have been waived by Panhandle, by giving oral or written notice of such delay, extension or termination to the Exchange Agent, or (ii) to amend the terms of the Exchange Offer in any manner deemed by it to be advantageous to the holders of the Notes. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the Exchange Agent. If the Exchange Offer is amended in a manner determined by Panhandle to constitute a material change, Panhandle will promptly disclose such amendment in a manner reasonably calculated to inform the holders of the Notes of such amendment.

Without limiting the manner in which Panhandle may choose to make public announcement of any delay, extension, amendment or termination of the Exchange Offer, Panhandle shall have no obligations to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

INTEREST ON THE EXCHANGE NOTES

The Exchange Notes will accrue interest at a rate of 8.25% per annum. Interest on the Exchange Notes will accrue from the last date on which interest was paid on the Notes, or, if no interest has been paid on such Notes, from March 27, 2000, the date of issuance of the Notes for which the Exchange Offer is being made. Interest on the Exchange Notes is payable semiannually on April 1 and October 1, commencing on October 1, 2000.

PROCEDURES FOR TENDERING

To tender in the Exchange Offer, a holder must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon medallion guaranteed if required by the Letter of Transmittal, and mail or otherwise deliver such Letter of Transmittal or such facsimile, together with any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either (i) a timely confirmation of a book-entry transfer (a "BOOK-ENTRY CONFIRMATION") of such Notes into the Exchange Agent's account at The Depositary (the "BOOK-ENTRY TRANSFER FACILITY") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date or (ii) the holder must comply with the guaranteed delivery procedures described below. THE METHOD OF DELIVERY OF LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDERS. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO LETTERS OF TRANSMITTAL OR OTHER REQUIRED DOCUMENTS SHOULD BE SENT TO PANHANDLE. Delivery of all documents must be made to the Exchange Agent at its address set forth below. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of Notes will constitute an agreement between such holder and Panhandle in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal. Any beneficial owner whose Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on his behalf.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be medallion guaranteed by any member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Exchange Act (each an "ELIGIBLE INSTITUTION") unless the Notes tendered pursuant thereto are tendered for the account of an Eligible Institution.

If the Letter of Transmittal is signed by trustees, executors, administrators, guardians,attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such person should so indicate when signing, and unless waived by Panhandle, evidence satisfactory to Panhandle of their authority to so act must be submitted with the Letter of Transmittal.

All questions as to the validity, form, eligibility (including time of receipt) and withdrawal of the tendered Notes will be determined by Panhandle, in its sole discretion, which determination will be final and binding. Panhandle reserves the absolute right to reject any and all Notes not properly tendered or any Notes which, if accepted, would, in the opinion of counsel for Panhandle, be unlawful. Panhandle also reserves the absolute right to waive any irregularities or conditions of tender as to particular Notes. Panhandle's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Notes must be cured within such time as Panhandle shall determine. Neither Panhandle, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Notes, nor shall any of them incur any liability for failure to give such notification. Tenders of Notes will not be deemed to have been made until such irregularities have been cured or waived. Any Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such holder by the Exchange Agent, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

In addition, Panhandle reserves the right, in its sole discretion, subject to the provisions of the Indenture, to purchase or make offers for any Notes that remain outstanding subsequent to the Expiration Date or, as set forth under "--Conditions," to terminate the Exchange Offer in accordance with the terms of the Registration Rights Agreement, and to the extent permitted by applicable law, purchase Notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

ACCEPTANCE OF NOTES FOR EXCHANGE; DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, all Notes properly tendered will be accepted promptly after the Expiration Date, and the Exchange

Notes will be issued promptly after acceptance of the Notes. See "--Conditions." For purposes of the Exchange Offer, Notes shall be deemed to have been accepted as validly tendered for exchange when, as and if Panhandle has given oral or written notice thereof to the Exchange Agent.

In all cases, issuance of Exchange Notes for Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of a Book-Entry Confirmation of such Notes into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Notes are not accepted for any reason set forth in the terms and conditions of the Exchange Offer, such unaccepted or such nonexchanged Notes will be credited to an account maintained with such Book-Entry Transfer Facility as promptly as practicable after the expiration or termination of the Exchange Offer.

BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Notes at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Notes by causing the Book-Entry Transfer Facility to transfer such Notes into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, the Letter of Transmittal (or facsimile) thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the Exchange Agent at one of the addresses set forth under "--Exchange Agent" on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

GUARANTEED DELIVERY PROCEDURES

If the procedures for book-entry transfer cannot be completed on a timely basis, a tender may be effected if (i) the tender is made through an Eligible Institution, (ii) prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by Panhandle (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Notes and the amount of Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange, Inc. ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, a Book-Entry Confirmation and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent, and (iii) a Book-Entry Confirmation and all other documents required by the Letter of Transmittal are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

WITHDRAWAL OF TENDERS

Tenders of Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date at one of the addresses set forth under "--Exchange Agent." Any such notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility from which the Notes were tendered, identify the principal amount of the Notes to be withdrawn, and specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Notes and otherwise comply with the procedures of such Book-Entry Transfer Facility. All questions as to the validity, form and eligibility (including time of receipt) of such notice will be determined by Panhandle, whose determination shall be final and binding on all parties. Any Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Notes which have been tendered for exchange but which are not exchanged for any reason will be credited to an account maintained with such Book-Entry Transfer Facility for the Notes as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Notes may be retendered by following one of the procedures described under "--Procedures for Tendering" and "--Book-Entry Transfer" at any time on or prior to the Expiration Date.

CONDITIONS

Notwithstanding any other term of the Exchange Offer, Notes will not be required to be accepted for exchange, nor will Exchange Notes be issued in exchange for any Notes, and Panhandle may terminate or amend the Exchange Offer as provided herein before the acceptance of such Notes, if, because of any change in law, or applicable interpretations thereof by the SEC, Panhandle determines that it is not permitted to effect the Exchange Offer. Panhandle has no obligation to, and will not knowingly, permit acceptance of tenders of Notes from affiliates of Panhandle or from any other holder or holders who are not eligible to participate in the Exchange Offer under applicable law or interpretations thereof by the Staff of the SEC, or if the Exchange Notes to be received by such holder or holders of Notes in the Exchange Offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States.

EXCHANGE AGENT

Bank One Trust Company, National Association has been appointed as Exchange Agent for the Exchange Offer. Questions and requests for assistance and requests for additional copies of this Prospectus or of the Letter of Transmittal should be directed to the Exchange Agent addressed as follows:

By Mail (Certified, Registered, Overnight or First Class) or Hand Delivery:

Bank One Trust Company, National Association
c/o First Chicago Trust Company of New York
14 Wall Street
8th Floor, Window 2
New York, New York 10005

By Facsimile
(For Eligible Institutions Only)
(212) 240-8938

Telephone Number
(212) 240-8801

FEES AND EXPENSES

The expenses of soliciting tenders pursuant to the Exchange Offer will be borne by Panhandle. The principal solicitation for tenders pursuant to the Exchange Offer is being made by mail; however, additional solicitations may be made by telegraph, telephone, telecopy or in person by officers and regular employees of Panhandle.

Panhandle will not make any payments to brokers, dealers or other persons soliciting acceptances of the Exchange Offer. Panhandle, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse the Exchange Agent for its reasonable out-of-pocket expenses in connection therewith.

The expenses to be incurred in connection with the Exchange Offer will be paid by Panhandle, including fees and expenses of the Exchange Agent and the Trustee, and accounting, legal, printing and related fees and expenses.

Panhandle will pay all transfer taxes, if any, applicable to the exchange of Notes pursuant to the Exchange Offer. If, however, Exchange Notes or Notes for principal amounts not tendered or accepted for exchange are to be registered or issued in the name of any person other than the registered holder of the Notes tendered, or if tendered Notes are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

RESALE OF EXCHANGE NOTES

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, Panhandle believes that Exchange Notes issued pursuant to the Exchange Offer in exchange for Notes may be offered for resale, resold and otherwise transferred by any owner of such Exchange Notes (other than any such owner which is an "affiliate" of Panhandle within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such owner's business and such owner does not intend to participate, and has no arrangement or understanding with any person to participate, in the distribution of such Exchange Notes. Any owner of Notes who tenders in the Exchange Offer with the intention to participate, or for the purpose of participating, in a distribution of the Exchange Notes may not rely on the position of the staff of the SEC enunciated in Exxon Capital Holdings Corporation (available May 13, 1988, as interpreted in the SEC's letter to Shearman & Sterling dated July 2, 1993), Morgan Stanley & Co., Incorporated(available June 5, 1991), Warnaco, Inc. (available June 5, 1991), and Epic Properties, Inc. (available October 21, 1991) or similar no-action letters (collectively the "NO-ACTION LETTERS") but rather must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In addition, any such resale transaction should be covered by an effective registration statement containing the selling security holders information required by Item 507 of Regulation S-K of the Securities Act. Each broker-dealer that receives Exchange Notes for its own account in exchange for Notes, where such Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, may be a statutory underwriter and must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes.

By tendering in the Exchange Offer, each Holder (or DTC participant, in the case of tenders of interests in the Global Notes held by DTC) will represent to Panhandle (which representation may be contained the Letter of Transmittal) to the effect that (A) it is not an affiliate of Panhandle, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. Each Holder will acknowledge and agree that any broker-dealer and any such Holder using the Exchange Offer to participate in a distribution of the Exchange Notes acquired in the Exchange Offer (1) could not under SEC policy as in effect on the date of the Registration Rights Agreement rely on the position of the SEC enunciated in the No-Action Letters, and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Notes obtained by such Holder in exchange for Notes acquired by such Holder directly from Panhandle or an affiliate thereof.

To comply with the securities laws of certain jurisdictions, it may be necessary to qualify for sale or to register the Exchange Notes prior to offering or selling such Exchange Notes. Panhandle has agreed, pursuant to the Registration Rights Agreement and subject to certain specified limitations therein, to cooperate with selling Holders or underwriters in connection with the registration and qualification of the Exchange Notes

for offer or sale under the securities or "blue sky" laws of such jurisdictions as may be necessary to permit the holders of Exchange Notes to trade the Exchange Notes without any restrictions or limitations under the securities laws of the several states of the United States.

CONSEQUENCES OF FAILURE TO EXCHANGE

Holders of Notes who do not exchange their Notes for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Notes as set forth in the legend thereon as a consequence of the issuance of the Notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Notes may not be registered under the Securities Act, except pursuant a transaction not subject to, the Securities Act and applicable state securities laws. Panhandle does not currently anticipate that it will register the Notes under the Securities Act. To the extent that Notes are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Notes could be adversely affected.

DIRECTORS AND EXECUTIVE OFFICERS

The information required by this item appears (i) under "Nominees for Election as Directors" on pages 1 through 4 of CMS Energy's definitive Proxy Statement, dated April 24, 2000, relating to it 2000 Annual Meeting of Shareholders (the "2000 Proxy Statement"); (ii) under "Section 16(a) Beneficial Ownership Reporting Compliance" on page 5 of the 2000 Proxy Statement; and (iii) under "Directors and Executive Officers of CMS Energy and Consumers" on pages CO-1 of CMS Energy and Consumers and Panhandle's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, all of which information is incorporated by reference.

EXECUTIVE COMPENSATION

The information required by this item appears under (i) "Executive Compensation" on pages 9 through 11 of the 2000 Proxy Statement; (ii) "Organization and Compensation Committee Report" on pages 12 through 13 of the 2000 Proxy Statement; and (iii) "Comparison of Five-year Cumulative Total Return Among CMS Energy Corporation, S&P 500 Index & Dow Jones Utility Index" on page 14 of the 2000 Proxy Statement all of which information is incorporated by reference.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

DESCRIPTION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF NOTES FOR EXCHANGE NOTES

The following summary describes the principal United States federal income tax consequences to holders who exchange Notes for Exchange Notes pursuant to the Exchange Offer. This summary is intended to address the beneficial owners of Notes that are citizens or residents of the United States, corporations, partnerships or other entities created or organized in or under the laws of the United States or any State or the District of Columbia, or estates or trusts that are not foreign estates or trusts for United States federal income tax purposes, in each case, that hold the Notes as capital assets.

The exchange of Notes for Exchange Notes pursuant to the Exchange Offer will not constitute a taxable exchange for United States federal income tax purposes. As a result, a holder of a Note whose Note is accepted in the Exchange Offer will not recognize gain or loss on the exchange. A tendering holder's tax basis in the Exchange Notes received pursuant to the Exchange Offer will be the same as such holder's tax basis in the Notes surrendered therefor. A tendering holder's holding period for the Exchange Notes received pursuant to the Exchange Offer-will include its holding period for the Notes surrendered therefor.

ALL HOLDERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE UNITED STATES FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE EXCHANGE OF NOTES FOR EXCHANGE NOTES, AND OF THE OWNERSHIP AND DISPOSITION OF EXCHANGE NOTES RECEIVED IN THE EXCHANGE OFFER IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

DESCRIPTION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE EXCHANGE NOTES

The following is a summary of the material United States federal income tax consequences of the acquisition, ownership and disposition of the Notes or the Exchange Notes by a United States Holder (as defined below). This summary deals only with the United States Holders that will hold the Notes or the Exchange Notes as capital assets. The discussion does not cover-all aspects of federal taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of the Notes or the Exchange Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the federal income tax laws (such as banks, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes or the Exchange Notes as part of straddles, hedging transactions or conversion transactions for federal tax purposes or investors whose functional currency is not United States Dollars). Furthermore, the discussion below is based on provisions of the Internal Revenue Code of 1986, as amended, and regulations, rulings, and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below.

PERSONS CONSIDERING THE PURCHASE, OWNERSHIP, OR DISPOSITION OF EXCHANGE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR INTERNATIONAL TAXING JURISDICTION.

As used herein, the term "UNITED STATES HOLDER" means a beneficial owner of the Notes or the Exchange Notes that is (i) a citizen or resident of the United States for United States federal income tax purposes, (ii) a corporation created or organized under the laws of the United States or any State thereof, (iii) a person or entity that is otherwise subject to United States federal income tax on a net income basis in respect of income derived from the Notes or the Exchange Notes, or (iv) a partnership to the extent the interest therein is owned by a person who is described in clause (i), (ii) or (iii) of this paragraph.

INTEREST

Interest paid on a Note or an Exchange Note will be taxable to a United States Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes.

PURCHASE, SALE, EXCHANGE, RETIREMENT AND REDEMPTION OF THE EXCHANGE NOTES

In general (with certain exceptions described below) a United States Holder's tax basis in an Exchange Note will equal the price paid for the Notes for which such Exchange Note was exchanged pursuant to the Exchange Offer. A United States Holder generally will recognize gain or loss on the sale, exchange, retirement, redemption or other disposition of a Note or an Exchange Note (or portion thereof) equal to the difference between the amount realized on such disposition and the United States Holder's tax basis in the Note or the Exchange Note (or portion thereof). Except to the extent attributable to accrued but unpaid interest, gain or loss recognized on such disposition of a Note or an Exchange Note will be capital gain or loss. Such capital gain or loss will generally be long-term capital gain or loss if the United States Holder held such Common Stock for more than one year immediately prior to such disposition. Long-term capital gains of individuals are eligible for reduced rates of taxation depending upon the holding period of such capital assets. The deductibility of capital losses is subject to limitations.

BOND PREMIUM

If a United States Holder acquires an Exchange Note or has acquired a Note, in each case, for an amount more than its redemption price, the Holder may elect to amortize such bond premium on a yield to maturity basis. Once made, such an election applies to all bonds (other than bonds the interest on which is excludable from gross income) held by the United States Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States Holder, unless the IRS consents to a revocation of the election. The basis of an Exchange Note will be reduced by any amortizable bond premium taken as a deduction.

MARKET DISCOUNT

The purchase of an Exchange Note or the purchase of a Note other than at original issue may be affected by the market discount provisions of the Code. These rules generally provide that, if a United States Holder purchases an Exchange Note (or purchased a Note) at a "market discount," as defined below, and thereafter recognizes gain upon a disposition of the Exchange Note (including dispositions by gift or redemption), the lesser of such gain (or appreciation, in the case of a gift) or the portion of the market discount that has accrued ("ACCRUED MARKET DISCOUNT") while the Exchange Note (and its predecessor Note, if any) was held by such United States Holder will be treated as ordinary interest income at the time of disposition rather than as capital gain. For an Exchange Note or a Note, "MARKET DISCOUNT" is the excess of the stated redemption price at maturity over the tax basis immediately after its acquisition by a United States Holder. Market discount generally will accrue ratably during the period from the date of acquisition to the maturity date of the Exchange Note, unless the United States Holder elects to accrue such discount on the basis of the constant yield method. Such an election applies only to the Exchange Note with respect to which it is made and is irrevocable.

In lieu of including the accrued market discount income at the time of disposition, a United States Holder of an Exchange Note acquired at a market discount (or acquired in exchange for a Note acquired at a market discount) may elect to include the accrued market discount in income currently either ratably or using the constant yield method. Once made, such an election applies to all other obligations that the United States Holder purchases at a market discount during the taxable year for which the election is made and in all subsequent taxable years of the United States Holder, unless the Internal Revenue Service consents to a revocation of the election. If an election is made to include accrued market discount in income currently, the basis of an Exchange Note (or, where applicable, a predecessor Note) in the hands of the United States Holder will be increased by the accrued market discount thereon as it is includible in income. A United States Holder of a market discount Exchange Note who does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Exchange Note, if any, in an amount not exceeding the accrued market discount on such Exchange Note until the maturity or disposition of such Exchange Note.

BACKUP WITHHOLDING AND INFORMATION REPORTING

Payments of interest and principal on, and the proceeds of sale or other disposition of the Notes or the Exchange Notes payable to a United States Holder, may be subject to information reporting requirements and backup withholding at a rate of 31% will apply to such payments if the United States Holder fails to provide an accurate taxpayer identification number or to report all interest and dividends required to be shown on its federal income tax returns. Certain United States Holders (including, among others, corporations) are not subject to backup withholding. United States Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes for its own account pursuant the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any

resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connections with resales of the Exchange Notes received in exchange for the Notes where such Notes were acquired as a result of market-making activities or other trading activities. Panhandle has agreed that, starting on the Expiration Date and ending on the close of business on the first anniversary of the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

Panhandle will not receive any proceeds from any sale of the Exchange Notes by broker-dealers. The Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the counter market, in negotiated transaction, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an "UNDERWRITER" within the meaning of the Securities Act and any profit of any such resale of Exchange Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "UNDERWRITER" within the meaning of the Securities Act.

For a period of one year after the Expiration Date, Panhandle will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. Panhandle has agreed to pay all expenses incident to the Exchange Offer and will indemnify the holders of the Exchange Notes against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Opinions as to the legality of the Exchange Notes will be rendered for Panhandle by Michael D. Van Hemert, Assistant General Counsel for CMS Energy. As of March 31, 2000, Mr. Van Hemert beneficially owned approximately 3,500 shares of CMS Energy Common Stock.

EXPERTS

The consolidated balance sheet of Panhandle as of December 31, 1999 and the consolidated statements of income, cash flows and common stockholder's equity for the period from January 1, 1999 through March 28, 1999 and for the period from March 29, 1999 through December 31, 1999 incorporated by reference in this Prospectus, have been audited by Arthur Andersen, LLP, independent auditors, as indicated in their report incorporated by reference in this Prospectus.

With respect to the unaudited interim consolidated financial information for the quarter ended March 31, 2000, Arthur Andersen LLP has applied limited procedures in accordance with professional standards for a review of that information. However their

separate report thereon states that they did not audit and they do not express an opinion on that interim consolidated financial information. Accordingly, the degree of reliance on their report on that information should be restricted in light of the limited nature of the review procedures applied. In addition, the accountants are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited interim consolidated financial information because that report is not a "report" or "part" of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

The financial statements as of and for the years ended December 31, 1998 and 1997 incorporated in this prospectus by reference from Panhandle's Annual Report on Form 10-K for the year ended December 31, 1999 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Future consolidated financial statements of Panhandle and the reports thereon of Arthur Andersen LLP also will be incorporated by reference in this Prospectus in reliance upon the authority of that firm as experts in giving those reports to the extent that said firm has audited those consolidated financial statements and consented to the use of their reports thereon.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING MADE HEREBY, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY PANHANDLE, THE INITIAL PURCHASERS OR ANY OTHER PERSON. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY THE EXCHANGE NOTES BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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OFFER TO EXCHANGE

8.25% SENIOR NOTES DUE 2010, SERIES B

WHICH HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933,
AS AMENDED

FOR ANY AND ALL OF THE OUTSTANDING

8.25% SENIOR NOTES DUE 2010, SERIES A

PANHANDLE EASTERN
PIPE LINE COMPANY

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The following resolution was adopted by the Board of Directors of Panhandle Eastern Pipe Line Company on March 29, 1999:

RESOLVED: That effective upon adoption of this resolution, the Company shall indemnify to the full extent permitted by law every person (including the estate, heirs and legal representatives of such person in the event of the decease, incompetency, insolvency or bankruptcy of such person) who is or was a director, officer, partner, trustee, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all liability, costs, expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement, incurred by or imposed upon the person in connection with or resulting from any claim or any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative, investigative or of whatever nature, arising from the person's service or capacity as, or by reason of the fact that the person is or was, a director, officer, partner, trustee, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Such right of indemnification shall not be deemed exclusive of any other rights to which the person may be entitled under statute, bylaw, agreement, vote of shareholders or otherwise.

PANHANDLE'S BYLAWS PROVIDE:

The Company may purchase and maintain liability insurance, to the full extent permitted by law, on behalf of any person who is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity.

Article SEVENTH of the Articles of Incorporation reads:

A director shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of duty as a director except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as presently in effect or as the same may hereafter be amended.

No amendment, modification or repeal of this Article SEVENTH shall adversely affect any right or protection that exists at the time of such amendment, modification or repeal.

Section 145 of the General Corporation Law of the State of Delaware (the "Delaware Law") empowers a Delaware corporation to indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer or director of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in

settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such officer or director acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, and, for criminal proceedings, had no reasonable cause to believe his or her conduct was illegal. A Delaware corporation may indemnify officers and directors against expenses (including attorneys' fees) in connection with the defense or settlement of an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses which such officer or director actually and reasonably incurred.

Officers and directors are covered within the specified monetary limits by insurance against certain losses arising from claims made by reason of their being directors or officers of Panhandle or of Panhandle's subsidiaries and Panhandle's officers and directors are indemnified against such losses by reason of their being or having been directors of officers or another corporation, partnership, joint venture, trust or other enterprise at Panhandle's request.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBIT NO.		DESCRIPTION
*3(a)	--	Restated Articles of Incorporation of Panhandle. (Designated in Panhandle's Form 10-K for the year ended December 31, 1998, File No. 1-2921, as Exhibit 3.01.)
*3(b)	--	By-Laws of Panhandle. (Designated in Panhandle's Form 10-K for the year ended December 31, 1999 File No. 1-2921, as Exhibit (3)(f).)
*4(a)	--	Indenture dated as of February 1, 1993 between Panhandle and Morgan Guaranty Trust Company of New York. (Designated in Panhandle's Form S-4 dated February 19, 1993, File No. 33-58552, as Exhibit 4.)
*4(b)	--	Letter, dated February 24, 1994, from Nations Bank of Texas, National Association accepting its appointment as successor Trustee with respect to all securities issued or to be issued under the Indenture dated as of February 1, 1993. (Designated in Panhandle's Form 10-K for the year ended December 31, 1993, File No. 1-2921, as Exhibit 4.01.)
*4(c)	--	Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle and Bank One Trust Company, NA, successor to NBD Bank, as Trustee. (Designated in Panhandle's Form 10-Q for the quarterly period ended March 31, 1999, File No. 1-2921, as Exhibit (4)(a).)
*4(d)	--	First Supplemental Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle and Bank One Trust Company, NA, successor to NBD Bank, as Trustee, including a form of Guarantee by Panhandle of the obligations of CMS Panhandle Holding Company. (Designated in Panhandle's Form 10-Q for the quarterly period ended March 31, 1999, File No. 1-2921, as Exhibit (4)(b).)

EXHIBIT NO.		DESCRIPTION
4(e)	--	Second Supplemental Indenture dated as of March 27, 2000, between Panhandle and Bank One Trust Company, National Association, as Trustee.
4(f)	--	Form of Exchange Note.
4(g)	--	Registration Rights Agreement dated as of March 27, 2000 between Panhandle and Donaldson, Lufkin & Jenrette Securities Corporation.
5	--	Opinion of Michael D. Van Hemert, Assistant General Counsel for CMS Energy.
8	--	Opinion of Jay M. Silverman, Tax Counsel for CMS Energy, regarding tax matters.
*10(a)	--	Contract for Firm Transportation of Natural Gas between Consumers Power Company and Trunkline Gas Company, dated November 1, 1989, and Amendment, dated November 1, 1989. (Designated in PanEnergy Corp's Form 10-K for the year ended December 31, 1989, File No. 1-8157, as Exhibit 10.41.)
*10(b)	--	Contract for Firm Transportation of Natural Gas between Consumers Power Company and Trunkline Gas Company, dated November 1, 1991. (Designated in PanEnergy Corp's Form 10-K for the year ended December 31, 1989, File No. 1-8157, as Exhibit 10.47.)
*10(c)	--	Contract for Firm Transportation of Natural Gas between Consumers Power Company, dated September 1, 1993. (Designated in Panhandle's Form 10-K for the year ended December 31, 1989, File No. 1-2921, as Exhibit 10.3.)
*10(d)		Stock Purchase Agreement between PanEnergy Corp, Texas Eastern Corporation and CMS Energy Corporation, dated October 31, 1998. (Designated in Duke Energy Corporation's Form 8-K, filed November 5, 1998, File No. 1-4928, as Exhibit 10.3.)
*10(e)	--	Purchase Agreement between the Underwriter named therein and CMS Panhandle Holding Company dated March 23, 1999. (Designated in Panhandle's Form 10-Q for the quarterly period ended March 31, 1999, File No. 1-2921, as Exhibit 10(a).)
10(f)	--	Purchase Agreement between Panhandle and Donaldson, Lufkin & Jenrette Securities Corporation dated March 22, 2000.
12	--	Statement re: computation of Ratios of Earnings to Fixed Charges.
15	--	Letter re: unaudited interim financial information.
23(a)	--	Consent of Michael D. Van Hemert, Assistant General Counsel for CMS Energy (included in Exhibit 5 above).
23(b)	--	Consent of Jay M. Silverman, Tax Counsel for CMS Energy (included in Exhibit 8 above)
23(c)	--	Consent of Arthur Andersen, LLP.
23(d)	--	Consent of Deloitte & Touche LLP.
25	--	Statement of Eligibility and Qualification of Bank One Trust Company, National Association (Trustee under the Second Supplemental Indenture).

EXHIBIT NO.		DESCRIPTION
99(a)	--	Form of Letter of Transmittal for the 8.25% Senior Notes due 2010, Series A.
99(b)	--	Certification of Taxpayer Identification Number on Substitute Form W-9.
99(c)	--	Form of Notice of Guaranteed Delivery.

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* Previously filed

Exhibits listed above which have been filed with the Securities and Exchange Commission are incorporated herein by reference with the same effect as if filed with this Registration Statement.

ITEM 22. UNDERTAKINGS.

The undersigned registrants hereby undertake:

(1) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 20 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that as claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and be governed by the final adjudication of such issue.

(3) To respond to requests for information that is incorporated by reference in to the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(4) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dearborn, and State of Michigan, on June 21, 2000.

PANHANDLE EASTERN PIPE LINE COMPANY

By: /s/ ALAN M. WRIGHT
Alan M. Wright
Senior Vice President, Chief Financial Officer, Treasurer and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated and on June 21, 2000.

NAME	TITLE
(I) PRINCIPAL EXECUTIVE OFFICER:	
/s/ WILLIAM J. HAENER William J. Haener	Vice Chairman, Chief Executive Officer and Director
(II) PRINCIPAL FINANCIAL OFFICER:	
/s/ A. M. WRIGHT Alan M. Wright	Senior Vice President, Chief Financial Officer, Treasurer and Director
(III) CONTROLLER OR PRINCIPAL ACCOUNTING OFFICER:	
/s/ GARY W. LEFELAR Gary W. Lefelar	Controller
/s/ WILLIAM T. MCCORMICK, JR. William T. McCormick, Jr.	Director

INDEX TO EXHIBITS

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99(b)	--	Certification of Taxpayer Identification Number on Substitute Form W-9.
99(c)	--	Form of Notice of Guaranteed Delivery.

* Previously filed

EXHIBIT 4 (e)

SECOND SUPPLEMENTAL INDENTURE

between

PANHANDLE EASTERN PIPE LINE COMPANY
Issuer

and

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION
Trustee

Dated as of March 27, 2000

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ARTICLE V.

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ARTICLE VI.

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ORIGINAL ISSUE OF NOTES

ARTICLE VIII.

MISCELLANEOUS

SECOND SUPPLEMENTAL INDENTURE, dated as of March 27, 2000 (the "Second Supplemental Indenture"), between Panhandle Eastern Pipe Line Company, a Delaware corporation (the "Issuer"), and Bank One Trust Company, National Association, as trustee (the "Trustee") under the indenture dated as of March 29, 1999 among the Issuer, CMS Panhandle Holding Company, a Michigan company, and NBD Bank, as trustee (the "Base Indenture" and, as so supplemented, the "Indenture").

WHEREAS, CMS Panhandle Holding Company and the Issuer executed and delivered the Base Indenture to NBD Bank to provide for the future issuance of CMS Panhandle Holding Company's unsecured debt securities guaranteed by the Issuer, to be issued from time to time in one or more series as might be determined by CMS Panhandle Holding Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered as provided in the Base Indenture;

WHEREAS, the Issuer, CMS Panhandle Holding Company, and NBD Bank executed the First Supplemental Indenture dated as of March 29, 1999, under which CMS Panhandle Holding Company issued a series of Debt Securities in three tranches known as its 6.125% Senior Notes due 2004, 6.500% Senior Notes due 2009 and 7.000% Senior Notes due 2029 in aggregate principal amounts of $300,000,000, $200,000,000 and $300,000,000, respectively;

WHEREAS, Panhandle Eastern Pipe Line Company has become the Issuer as provided for in the Base Indenture as a result of the merger of CMS Panhandle Holding Company into Panhandle Eastern Pipe Line Company, effective June 15, 1999; Bank One Trust Company, National Association has become the Trustee provided for in the Base Indenture as a result of the merger of NBD Bank into Bank One Trust Company, National Association;

WHEREAS, pursuant to the terms of the Base Indenture, the Issuer desires to provide for the establishment of a new series of its Debt Securities to be known as its 8.25% Senior Notes due 2010, Series A, in the principal amount of $100,000,000 (the "Series A Notes"), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Base Indenture and this Second Supplemental Indenture;

WHEREAS, the Issuer and the Initial Purchaser named therein have entered into a Registration Rights Agreement, dated as of March 27, 2000 (the "Registration Rights Agreement"), which requires the Issuer to use its best efforts to make an Exchange Offer which would enable holders of Series A Notes to exchange such Notes for Notes not subject to certain restrictions under the Securities Act or to cause a Shelf Registration Statement to be declared effective with respect to the Series A Notes (in each case as defined in such Registration Rights Agreement);

WHEREAS, the Issuer wishes to establish the forms and terms of a series of Notes to be issued in exchange for Series A Notes as so contemplated, such Notes to be known as the Issuer's "8.25% Senior Notes Due 2010, Series B," in the principal amount of $100,000,000 (the "Series B Notes"), provide for the issuance of such Notes, and amend and add

certain provisions to the Original Indenture for the benefit of the holders of the Series B Notes; and

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Second Supplemental Indenture, and all requirements necessary to make this Second Supplemental Indenture a valid instrument, in accordance with its terms, and to make the Series A Notes, when executed by the Issuer and authenticated and delivered by the Trustee, the valid obligations of the Issuer, have been performed, and the execution and delivery of this Second Supplemental Indenture has been duly authorized in all respects:

NOW THEREFORE, in consideration of the purchase and acceptance of the Series A Notes and the Series B Notes (such Series A Notes and Series B Notes being sometimes referred to herein as the "2010 Notes") to be issued hereunder by the holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the 2010 Notes and the terms, provisions and conditions thereof, the Issuer covenants and agrees with the Trustee as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.1 Definition of Terms.

Unless the context otherwise requires:

(a) a term defined in the Base Indenture has the same meaning when used in this Second Supplemental Indenture;

(b) a term defined anywhere in this Second Supplemental Indenture has the same meaning throughout;

(c) the singular includes the plural and vice versa;

(d) a reference to a Section or Article is to a Section or Article of this Second Supplemental Indenture;

(e) headings are for convenience of reference only and do not affect interpretation;

(f) the following terms have the meanings given to them in this Section 1.01(f):

"Adjusted Consolidated Net Income" means, for any period, the net income of the Issuer and its Consolidated Subsidiaries, plus (i) depreciation and amortization expense of the

Issuer and its Consolidated Subsidiaries, (ii) income taxes and deferred taxes of the Issuer and its Consolidated Subsidiaries and (iii) other non-cash charges, in each case, determined on a consolidated basis in accordance with generally accepted accounting principles; provided, however, that there shall not be included in such Adjusted Consolidated Net Income (i) any net income of any Person if such Person is not a Subsidiary, except that (A) the Issuer's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Issuer or a Consolidated Subsidiary as a dividend or other distribution and (B) the Issuer's equity in a net loss of any such Person for such period shall be included in determining such Adjusted Consolidated Net Income; and (ii) any net income of any Person acquired by the Issuer or a Subsidiary in a pooling-of-interests transaction for any period prior to the date of such acquisition.

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock, including any Preferred Stock or letter stock; provided that Hybrid Preferred Securities are not considered Capital Stock for purposes of this definition.

"Consolidated Debt" means the total Debt of the Issuer and its Consolidated Subsidiaries, as set forth on the consolidated balance sheet of the Issuer and its Consolidated Subsidiaries for the Issuer's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

"Consolidated Interest Expense" means, for any period, the total interest expense in respect of Consolidated Debt of the Issuer and its Consolidated Subsidiaries, including, without duplication, (i) interest expense attributable to capital leases, (ii) amortization of debt discount, (iii) capitalized interest, (iv) cash and noncash interest payments, (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (vi) net costs under Interest Rate Protection Agreements (including amortization of discount) and (vii) interest expense in respect of obligations of other Persons that constitutes Debt of the Issuer or any of its Consolidated Subsidiaries, provided, however, that Consolidated Interest Expense shall exclude any costs otherwise included in interest expense recognized on early retirement of debt.

"Consolidated Net Tangible Assets" means, at any date of determination, the total amount of assets after deducting therefrom (i) all current liabilities (excluding (A) 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 (B) current maturities of long-term debt), and (ii) 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 Issuer and its Consolidated Subsidiaries for the Issuer's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles. "Intangible assets" does not include any value write-up of tangible assets (other than in connection with the acquisition of the Issuer and its affiliated companies by CMS Energy) in connection with acquisition transactions accounted for on a purchase method.

"Consolidated Subsidiary" means any Subsidiary whose accounts are or are required to be consolidated with the accounts of the Issuer in accordance with generally accepted accounting principles.

"CMS Energy" means CMS Energy Corporation, a Michigan corporation and any successor entity.

"Debt" means any obligation created or assumed by any Person for the repayment of money borrowed and any purchase money obligation created or assumed by such Person.

"Exchangeable Stock" means any Capital Stock of a corporation that is exchangeable or convertible into another security (other than Capital Stock of such corporation that is neither Exchangeable Stock nor Redeemable Stock).

"Fixed Charge Coverage Ratio" means the ratio of Adjusted Consolidated Net Income plus Consolidated Interest Expense to Consolidated Interest Expense, for the four fiscal quarters of the Issuer ending immediately prior to the date of determination (or, in respect of any such determination occurring prior to March 31, 2000, the number of full fiscal quarters that shall have elapsed from March 29, 1999).

"Funded Debt" means all Debt maturing one year or more from the date of the creation thereof, all Debt directly or indirectly renewable or extendable, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all Debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

"Global Note" means a Note or Notes represented by a Global Security.

"Hybrid Preferred Securities" means preferred securities issued by a Hybrid Preferred Securities Subsidiary, where such preferred securities have the following characteristics: (i) such Hybrid Preferred Securities Subsidiary lends substantially all of the proceeds from the issuance of such preferred securities to the Issuer in exchange for subordinated debt issued by the Issuer, respectively; (ii) such preferred securities contain terms providing for the deferral of distributions corresponding to provisions providing for the deferral of interest payments on such subordinated debt; and (iii) the Issuer makes periodic interest payments on such subordinated debt, which interest payments are in turn used by the Hybrid Preferred Securities Subsidiary to make corresponding payments to the holders of the Hybrid Preferred Securities.

"Hybrid Preferred Securities Subsidiary" means any business trust or limited partnership (or similar entity) (i) all of the common equity interest of which is owned (either directly or indirectly through one or more wholly-owned Subsidiaries of the Issuer) at all times by the Issuer, (ii) that has been formed for the purpose of issuing Hybrid Preferred Securities and

(iii) substantially all of the assets of which consist at all times solely of subordinated debt issued by the Issuer and payments made from time to time on such subordinated debt.

"Interest Rate Protection Agreement" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect the Issuer or any Subsidiary against fluctuations in interest rates.

"Leverage Ratio" means 100% multiplied by the ratio of Consolidated Debt to Total Capital at the end of the most recent fiscal quarter preceding the date of determination.

"Lien" means any mortgage, pledge, security interest, charge, lien or other encumbrance of any kind, whether or not filed, recorded or perfected under applicable law.

"Loan" means any direct or indirect advance (other than advances to customers in the ordinary course of business that are recorded as receivables on the balance sheet of the Person making such advances), loan or other extension of credit (including by way of guarantee or similar arrangement) to another Person or any purchase of Debt issued by another Person, where such advance, loan, extension of credit or Debt is subordinated in right of payment to the senior creditors of the borrower.

"Moody's" means Moody's Investors Service, Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the Series A Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by the Issuer which is acceptable to the Trustee.

"Non-Convertible Capital Stock" means, with respect to any corporation, any non-convertible Capital Stock of such corporation and any Capital Stock of such corporation convertible solely into non-convertible Capital Stock other than Preferred Stock of such corporation; provided, however, that Non-Convertible Capital Stock shall not include any Redeemable Stock or Exchangeable Stock.

"Permitted Liens" means: (i) Liens upon rights-of-way for pipeline purposes; (ii) any governmental Lien, mechanics', materialmen's, carriers' or similar Lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined Lien which is incidental to construction; (iii) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property; (iv) Liens for taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by the Issuer or any Subsidiary in good faith; (v) Liens of, or to secure performance of, leases; (vi) any Lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings; (vii) any Lien upon property or assets acquired or sold by the Issuer or any Restricted Subsidiary resulting from the exercise of any rights arising out of defaults on

receivables; (viii) any Lien incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations; (ix) any Lien upon any property or assets in accordance with customary banking practice to secure any Debt incurred by the Issuer or any Restricted Subsidiary in connection with the exporting of goods to, or between, or the marketing of goods in, or the importing of goods from, foreign countries; or (x) any Lien in favor of the United States of America or any state thereof, or any other country, or any political subdivision of any of the foregoing, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any Lien securing industrial development, pollution control or similar revenue bonds.

"Principal Property" means any natural gas pipeline system, natural gas gathering system or natural gas storage facility located in the United States, except any such property that in the opinion of the Board of Directors is not of material importance to the business conducted by the Issuer and its Consolidated Subsidiaries taken as a whole.

"Redeemable Stock" means any Capital Stock that by its terms or otherwise is required to be redeemed prior to the 90th day before the stated maturity of any of the outstanding Notes or is redeemable at the option of the holder thereof at any time prior to the 90th day before the stated maturity of any of the outstanding Notes.

"Restricted Subsidiary" means any Subsidiary of the Issuer owning or leasing any Principal Property.

"Sale-Leaseback Transaction" means, with respect to the Issuer or any Restricted Subsidiary, the sale or transfer by the Issuer or such Restricted Subsidiary of any Principal Property to a Person (other than the Issuer or a Subsidiary) and the taking back by the Issuer or such Restricted Subsidiary, as the case may be, of a lease of such Principal Property. With respect to the Issuer, "Sale-Leaseback Transaction" means the sale or transfer by the Issuer of any assets or property to another Person and the taking back by the Issuer of a lease of such assets or property.

"Standard & Poor's" means Standard & Poor's Ratings Group, a division of McGraw Hill Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the Series A Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by the Issuer which is acceptable to the Trustee.

"Subsidiary" means, with respect to any Person, (i) any corporation at least a majority of whose outstanding Voting Stock shall at the time be owned, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, (ii) any limited liability company, general partnership, joint venture or similar entity, at least a majority of whose outstanding membership, partnership or similar interests shall at the time be owned by such Person, or by one or more of its Subsidiaries, or by such Person

and one or more of its Subsidiaries and (iii) any limited partnership of which such Person or any of its Subsidiaries is a general partner.

"Total Capital" means the sum of (i) Consolidated Debt and (ii) Capital Stock, Hybrid Preferred Securities, premium on Capital Stock, capital surplus, capital in excess of par value and retained earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of Capital Stock of the Issuer held in treasury, all as set forth on the consolidated balance sheet of the Issuer and its Consolidated Subsidiaries for the Issuer's most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

"Voting Stock" means securities of any class or classes the holders of which are ordinarily, in the absence of contingencies, entitled to vote for corporate directors (or persons performing similar functions).

ARTICLE II.

GENERAL TERMS AND CONDITIONS OF THE 2010 NOTES

SECTION 2.1 Designation and Principal Amount of the Series A Notes.

There is hereby authorized a single series of Debt Securities designated as follows:

(a) (1) The "8.25% Senior Notes due 2010, Series A," limited in aggregate principal amount to $100,000,000, which amount shall be as set forth in any written order of the Issuer for the authentication and delivery of Notes pursuant to Section 2.04 of the Base Indenture.

SECTION 2.2 Maturity of the Series A Notes.

The Series A Notes will mature on April 1, 2010.

SECTION 2.3 Interest on the Series A Notes.

Interest shall accrue from the date, and shall be payable on the Series A Notes in the amount, and as otherwise set forth in the form of the Note appearing in Article VI of this Second Supplemental Indenture.

SECTION 2.4 Redemption of the Series A Notes.

The Series A Notes may be redeemed at the option of the Issuer at any time from time to time, in whole or in part, in the manner set forth in the form of the Series A Notes appearing in Article VI of this Second Supplemental Indenture.

SECTION 2.5 Form of the Series A Notes.

The form of the Series A Notes shall be substantially in the form provided for in Article VI. The term of the Series A Notes form part of this Second Supplemental Indenture. The Series A Notes may be represented by one or more Global Notes in definitive, registered form. The Series A Notes will be initially issued as Global Notes registered in the name of Cede & Co. (as nominee for the Depository Trust Company ("DTC"), New York, New York, which, together with its nominees and their successors, is hereby designated the Depositary for the Series A Notes). The Series A Notes shall initially contain restrictions on transfer, substantially as described in the form set forth in Article VI. Each Note, whether in the form of a Global Note or in certificated form, shall initially bear a non-registration legend and a Restricted Certificate of Transfer, in each case in substantially the form set forth in such form.

It is contemplated that beneficial interests in Notes owned by qualified institutional buyers (as defined in Rule 144A under the Securities Act) ("QIBs") or sold to QIBs in reliance upon Rule 144A under the Securities Act will be represented by one or more global certificates registered in the name of Cede & Co., as registered owner and as nominee for DTC; Notes acquired by Institutional Accredited Investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) ("IAIs") and other eligible transferees, who are not QIBs and who are not foreign purchasers pursuant to Regulation S under the Securities Act, will be in certificated form. The Trustee and the Issuer will have no responsibility under the Indenture for transfers of beneficial interests in the Series A Notes. So long as a Note bears a non-registration legend and a Restricted Transfer Certificate the Trustee shall authenticate and issue new Notes upon a registration of transfer only upon receipt of a Restricted Transfer Certificate in the form set forth in Article VI. The Trustee shall refuse to register any transfer of a Note in violation of the legend set forth on such Note and without appropriate completion of the Restricted Transfer Certificate on such Note.

Subject to the conditions set forth therein and in the Indenture, pursuant to the Registration Rights Agreement, the non-registration legend and the Restricted Transfer Certificate may be removed or rendered inapplicable in the event of an Exchange Offer or the effectiveness of a Shelf Registration Statement, in each case, in respect of the Series A Notes.

SECTION 2.06 Designation and Principal Amount of the Series B Notes.

There is hereby authorized a single series of Debt Securities designated as follows:

(a) (1) The "8.25% Senior Notes due 2010, Series B," limited in aggregate principal amount to $100,000,000, which amount shall be as set forth in any written order of the

Issuer for the authentication and delivery of Notes pursuant to Section 2.04 of the Base Indenture.

SECTION 2.07 Maturity of the Series B Notes.

The Series B Notes will mature on April 1, 2010.

SECTION 2.08 Interest on the Series B Notes.

Interest shall accrue from the date, and shall be payable on the Series B Notes in the amount, and as otherwise set forth in the form of the Note appearing in Article VI of this Second Supplemental Indenture.

SECTION 2.09 Redemption of the Series B Notes.

The Series B Notes may be redeemed at the option of the Issuer at any time from time to time, in whole or in part, in the manner set forth in the form of the Series B Notes appearing in Article VI of this Second Supplemental Indenture.

SECTION 2.10 Form of the Series B Notes.

The form of the Series B Notes shall be substantially in the form provided for in Article VI. The term of the Series B Notes form part of this Second Supplemental Indenture. The Series B Notes may be represented by one or more Global Notes in definitive, registered form. The Series B Notes will be initially issued as Global Notes registered in the name of Cede & Co. (as nominee for the Depository Trust Company ("DTC"), New York, New York, which, together with its nominees and their successors, is hereby designated the Depositary for the Series B Notes).

ARTICLE III.

COVENANTS

SECTION 3.1 Limitation on Restricted Payments.

(a) So long as any of the 2010 Notes are outstanding and until either:

(1) such Notes are rated Baa1 (or an equivalent rating) or higher by Moody's and BBB+ (or an equivalent rating) or higher by Standard & Poor's; or

(2) so long as the Issuer is a Subsidiary of CMS Energy, the long-term senior unsecured debt rating of CMS Energy is rated Baa3 (or an equivalent

rating) or higher by Moody's and BBB- (or an equivalent rating) or higher by Standard & Poor's;

in each case at which time the Issuer will be permanently released from the provisions of this Section 3.01(b), the Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(i) declare or pay any dividend or make any distribution on the Capital Stock of the Issuer to the direct or indirect holders of its Capital Stock (except dividends or distributions payable solely in its Non-Convertible Capital Stock or in options, warrants or other rights to purchase such Non-Convertible Capital Stock and except dividends or distributions payable to the Issuer or a Subsidiary);

(ii) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Issuer; or

(iii) make any Loan to CMS Energy or any of its Affiliates that is not a Subsidiary of the Issuer;

(any such dividend, distribution, purchase, redemption, other acquisition or retirement described in (i) through (iii) above being hereinafter referred to as a "Restricted Payment"), unless at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) no Event of Default, and no event that with the lapse of time or the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing (or would result therefrom);

(2) the Issuer's Fixed Charge Coverage Ratio is greater than or equal to 2.2; and

(3) the Issuer's Leverage Ratio is less than or equal to 55%.

Notwithstanding the foregoing, the Issuer or any of its Restricted Subsidiaries may declare, make or pay any Restricted Payment, if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) no Event of Default, and no event that with the lapse of time or the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing (or would result therefrom); and

(2) the aggregate amount of such Restricted Payment and all other Restricted Payments made since the date of issuance of the Series A Notes would not exceed the sum of:

(A) $50 million;

(B) 75% of Adjusted Consolidated Net Income accumulated since the date of issuance of the Series A Notes to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment; and

(C) the aggregate net cash proceeds received by the Issuer after the date of issuance of the Series A Notes from capital contributions or the issuance of Capital Stock of the Issuer to a person who is not a Subsidiary of the Issuer, or from the issuance to such a person of options, warrants or other rights to acquire such Capital Stock of the Issuer.

None of the foregoing provisions will prohibit:

(i) dividends or other distributions paid in respect of any class of Capital Stock issued by the Issuer in connection with the acquisition of any business or assets by the Issuer or a Restricted Subsidiary where the dividends or other distributions with respect to such Capital Stock are payable solely from the net earnings of such business or assets;

(ii) any purchase or redemption of Capital Stock of the Issuer made by exchange for, or out of the proceeds of the substantially concurrent sale of, NonConvertible Capital Stock of the Issuer; or

(iii) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividends would have complied with this covenant.

SECTION 3.2 Limitation on Liens.

(a) the Issuer shall not, nor will it permit any Restricted Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property, whether owned or leased on the date of the Indenture or thereafter acquired, to secure any Debt of the Issuer or any other Person (other than the 2010 Notes), without in any such case making effective provision whereby all of the 2010 Notes outstanding shall be secured equally and ratably with, or prior to, such Debt so long as such Debt shall be so secured. There is excluded from this restriction:

(i) any Lien upon any property or assets of the Issuer or any Restricted Subsidiary in existence on the date of the Indenture or created pursuant to an "after-acquired property" clause or similar term in existence on the date of the Indenture or any mortgage, pledge agreement, security agreement or other similar instrument in existence on the date of the Indenture;

(ii) any Lien upon any property or assets created at the time of acquisition of such property or assets by the Issuer or any Restricted Subsidiary or within 18 months after such time to secure all or a portion of the purchase price for such property or assets or Debt incurred to finance such purchase price, whether such Debt was incurred prior to, at the time of or within 18 months of such acquisition;

(iii) any Lien upon any property or assets existing thereon at the time of the acquisition thereof by the Issuer or any Restricted Subsidiary (whether or not the obligations secured thereby are assumed by the Issuer or any Restricted Subsidiary);

(iv) any Lien upon any property or assets of a Person existing thereon at the time such Person becomes a Restricted Subsidiary by acquisition, merger or otherwise (whether or not such Lien was created in anticipation of such acquisition);

(v) any Lien securing obligations assumed by the Issuer or any Restricted Subsidiary existing at the time of the acquisition by the Issuer or any Restricted Subsidiary of the property or assets subject to such Lien or at the time of the acquisition of the Person which owns such property or assets;

(vi) any Lien on property to secure all or part of the cost of construction or improvements thereon or to secure Debt incurred prior to, at the time of, or within 18 months after completion of such construction or making of such improvements, to provide funds for any such purpose;

(vii) any Lien in favor of the Issuer or any Restricted Subsidiary;

(viii) any Lien created or assumed by the Issuer or any Restricted Subsidiary in connection with the issuance of Debt the interest on which is excludable from gross income of the holder of such Debt pursuant to the Internal Revenue Code of 1986, as amended, or any successor statute, for the purpose of financing, in whole or in part, the acquisition or construction of property or assets to be used by the Issuer or any Subsidiary;

(ix) any Lien upon property or assets of any foreign Restricted Subsidiary to secure Debt of that foreign Restricted Subsidiary;

(x) Permitted Liens;

(xi) any Lien created by any program providing for the financing, sale or other disposition of trade or other receivables classified as current assets in accordance with United States generally accepted accounting principles entered into by the Issuer or by a Subsidiary of the Issuer, provided that such program is

on terms customary for similar transactions, or any document executed by any Subsidiary in connection therewith, provided that such Lien is limited to the trade or other receivables in respect of which such program is created or exists, and the proceeds thereof;

(xii) any Lien upon any additions, improvements, replacements, repairs, fixtures, appurtenances or component parts thereof attaching to or required to be attached to property or assets pursuant to the terms of any mortgage, pledge agreement, security agreement or other similar instrument, creating a Lien upon such property or assets permitted by clauses (i) through (xi), inclusive, above; or

(xiii) any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancing, refundings or replacements) of any Lien, in whole or in part, that is referred to in clauses (i) through (vi), inclusive, above (and liens related thereto referred to in clause (xii) above), or of any Debt secured thereby; provided, however, that the principal amount of Debt secured thereby shall not exceed the greater of the principal amount of Debt so secured at the time of such extension, renewal, refinancing, refunding or replacement and the original principal amount of Debt so secured (plus in each case the aggregate amount of premiums, other payments, costs and expenses paid or incurred in connection with such extension, renewal, refinancing, refunding or replacement); provided further, however, that such extension, renewal, refinancing, refunding or replacement shall be limited to all or a part of the property (including improvements, alterations and repairs on such property) subject to the encumbrance so extended, renewed, refinanced, refunded or replaced (plus improvements, alterations and repairs on such property).

Notwithstanding the foregoing, under the Indenture, the Issuer may, and may permit any Restricted Subsidiary to, create, assume, incur, or suffer to exist any Lien upon any Principal Property to secure Debt of the Issuer or any Person (other than the 2010 Notes) that is not otherwise excepted by clauses (i) through (xiii), inclusive, above without securing the 2010 Notes issued under the Indenture, provided that the aggregate principal amount of all Debt then outstanding secured by such Lien and all similar Liens, together with all net sale proceeds from Sale-Leaseback Transactions (excluding Sale-Leaseback Transactions permitted by clauses (i) through (iv), inclusive, of Section 3.03(a) of this Second Supplemental Indenture) does not exceed the greater of 15% of Consolidated Net Tangible Assets or 15% of Total Capital.

SECTION 3.3 Restriction on Sale-Leasebacks.

(a) the Issuer shall not, nor shall it permit any Restricted Subsidiary to, engage in a Sale-Leaseback Transaction, unless:

(i) such Sale-Leaseback Transaction occurs within 18 months from the date of acquisition of the Principal Property subject thereto or the date of the

completion of construction or commencement of full operations on such Principal Property, whichever is later;

(ii) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than four years;

(iii) the Issuer or such Restricted Subsidiary would be entitled to incur Debt secured by a Lien on the Principal Property subject thereto in a principal amount equal to or exceeding the net sale proceeds from such Sale-Leaseback Transaction without securing the 2010 Notes; or

(iv) the Issuer or such Restricted Subsidiary, within an 18-month period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-Leaseback Transaction to (A) the repayment, redemption or retirement of Funded Debt of the Issuer or any Subsidiary, or (B) investment in another Principal Property or in a Subsidiary of the Issuer which owns another Principal Property.

Notwithstanding the foregoing, under the Indenture, the Issuer may, and may permit any Restricted Subsidiary to, effect any Sale-Leaseback Transaction that is not otherwise excepted by clauses (i) through (iv), inclusive, above, provided that the net sale proceeds from such Sale-Leaseback Transaction, together with the aggregate principal amount of outstanding Debt (other than the 2010 Notes) secured by Liens upon any Principal Properties not excepted by clauses (i) through (xiii), inclusive, of Section 3.02(a) of this First Supplemental Indenture, do not exceed the greater of 15% of the Consolidated Net Tangible Assets or 15% of Total Capital.

SECTION 3.4 Applicability of Covenants.

Unless otherwise stated herein, the foregoing covenants contained in this Article III shall only be in effect so long as any of the 2010 Notes are outstanding.

ARTICLE IV.

DEFAULT

SECTION 4.1 General.

All of the events specified in paragraphs (1) through (6) in Section 6.01(a) of the Base Indenture shall be "Events of Default" with respect to each of the 2010 Notes.

SECTION 4.2 Additional Event of Default.

The following event shall be an "Event of Default" with respect to the 2010 Notes: default in the payment of any Liquidated Damages pursuant to the Registration Rights

Agreement with respect to any of the 2010 Notes, when due, and continuance of such default for a period of 60 days.

ARTICLE V.

DEFEASANCE

SECTION 5.1 General.

All of the provisions of Article XI of the Base Indenture shall be applicable to the 2010 Notes.

SECTION 5.2 Covenant Defeasance.

With respect to and pursuant to the terms of Section 11.02(b) of the Base Indenture, the release of covenant obligations provided for therein shall, with respect to the 2010 Notes, also apply to Section 3.01, Section 3.02, and Section 3.03 of this Second Supplemental Indenture.

ARTICLE VI.

FORM OF NOTES

SECTION 6.1 Form of Notes.

The Series A Notes, Series B Notes, and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the following forms:

(FORM OF FACE OF SERIES A NOTE)

This Note is a Global Note within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. This Note is exchangeable for Notes registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Note (other than a transfer of this Note as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary) may be registered except in limited circumstances.

Unless this Note is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the Issuer or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE SECOND SENTENCE HEREOF. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), OR (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A) (1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "IAI"), (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE) AND AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON

AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER) OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "U.S. PERSONS" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING.

No. A698465BC4 $100,000,000

Panhandle Eastern Pipe Line Company

8.25% SENIOR NOTE
due 2010, SERIES A

PANHANDLE EASTERN PIPE LINE COMPANY, a Delaware corporation (the "Issuer"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of One Hundred million dollars ($100,000,000) on April 1, 2010 ("Maturity") and to pay interest thereon from March 27, 2000 (the "Original Issue Date") or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on April 1 and October 1 in each year, commencing October 1, 2000 and at Maturity at the rate of 8.25% per annum, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on this Note is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Note (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment which shall be the close of business on the 15th day of the calendar month prior to which such Interest Payment Date occurs. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered holders on such regular record date, and may be paid to the person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a special record date to be

fixed by the Trustee (as defined below) for the payment of such defaulted interest, notice whereof shall be given to the registered holders of this series of Notes not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The principal of (and premium, if any) and the interest on this Note shall be payable at the office or agency of the Trustee maintained for that purpose in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Issuer by check mailed to the registered holder at such address as shall appear in the Security Register.

This Note shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

The provisions of this Note are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be executed.

Dated March 27, 2000

PANHANDLE EASTERN PIPE LINE COMPANY

By

Name: Alan M. Wright
Title: Senior Vice President, Chief Financial Officer and Treasurer

Attest:

By

Name: Thomas A. McNish
Title: Vice President and Secretary

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series of Notes described in the within-mentioned Indenture.

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By

Authorized Signatory

(FORM OF REVERSE OF NOTE)

This Note is one of a duly authorized series of Securities of the Issuer (herein sometimes referred to as the "Notes"), specified in the Indenture, issued or to be issued in one or more series under and pursuant to an indenture (the "Base Indenture") dated as of March 29, 1999 among the Issuer, CMS Panhandle Holding Company, a Michigan company (which has merged into the Issuer), and NBD Bank, as trustee, (predecessor to Bank One Trust Company, National Association), further supplemented by the Second Supplemental Indenture dated as of March 27, 2000 between the Issuer and Bank One Trust Company, National Association (the "Trustee") (the Base Indenture as so supplemented, hereinafter being referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders of the Notes. By the terms of the Indenture, the Notes are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This series of Notes is limited in aggregate principal amount as specified in said Second Supplemental Indenture.

The Notes are redeemable at the option of the Issuer at any time and from time to time, in whole or in part, upon not less than 30 nor more than 45 days notice to each holder of such Notes, at a redemption price equal to the Make-Whole Price of such Notes. "Make-Whole Price" means an amount equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal and interest thereon (excluding the portion of any such interest accrued to the redemption date) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in each case, accrued and unpaid interest thereon to the date of redemption. Unless there is a default in the payment of the redemption price, on and after the date of redemption, interest will cease to accrue on Notes or portions thereof called for redemption.

"Adjusted Treasury Rate" means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price at such date of redemption, plus 25 basis points 0.25%.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any date of redemption, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such date of

redemption, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities", or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of both such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Issuer.

"Reference Treasury Dealer" means, for the Notes, Donaldson, Lufkin & Jenrette Securities Corporation and its respective successors; provided, however, that if any of the foregoing shall not be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such date of redemption.

The Issuer may purchase the Notes in the open market, by tender or otherwise. Notes so purchased may be held, resold or surrendered to the Trustee for cancellation. If applicable, the Issuer will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other securities laws and regulations in connection with any such purchase.

No sinking fund is provided for the Notes.

If an Event of Default with respect to this Note shall occur and be continuing, the principal of this Note may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Note or (ii) certain restrictive covenants and certain other obligations with respect to this Note, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, modifications and amendments of the Indenture by the Issuer and the Trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding Notes.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of the holders of all Notes, waive, insofar as the

Notes are concerned, compliance by the Issuer with certain restrictive provisions of the Indenture.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of all holders of Notes, waive any past default under the Indenture with respect to any Notes, except a default (i) in the payment of principal of, or premium, if any, or any interest on any Note; or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding Note affected.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes; provided, however, that the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes and of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer shall not be required to (a) issue, exchange or register the transfer of this Note for a period of 15 days next preceding the mailing of the notice of redemption of Notes or (b) exchange or register the transfer of any Note or any portion thereof selected, called or being called for redemption, except in the case of any Note to be redeemed in part, the portion thereof not so to be redeemed.

Prior to due presentment of this Note for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Issuer or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

[IF NOTE IS A RESTRICTED NOTE -
(RESTRICTED CERTIFICATE OF TRANSFER)

FOR VALUE RECEIVED, THE UNDERSIGNED HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Please print or typewrite name and address including postal zip code, of assignee)

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the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints
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to transfer said Note on the books of the Issuer, with full power of substitution in the premises.

The undersigned certifies that said Note is being resold, pledged or otherwise transferred as follows: (check one)

[ ] to the Issuer;

[ ] to a Person whom the undersigned reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A;

[ ] in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act;

[ ] to an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is acquiring this Note for investment purposes and not for distribution; (attach a copy of an Investment Letter For Institutional Accredited Investors in the form annexed signed by an authorized officer of the transferee)

[ ] as otherwise permitted by the non-registration legend appearing on this Note; or

[ ] as otherwise agreed by the Issuer, confirmed in writing to the Trustee, as follows: (describe)

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Dated:
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[IF NOTE IS NOT A RESTRICTED NOTE -

(CERTIFICATE OF TRANSFER)

FOR VALUE RECEIVED, THE UNDERSIGNED HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Please print or typewrite name and address including postal zip code, of assignee)

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the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

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to transfer said Note on the books of the Issuer, with full power of substitution in the premises.

Dated:

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(FORM OF INVESTMENT LETTER FOR
INSTITUTIONAL ACCREDITED INVESTORS)

Transferor, Trustee and Issuer Names and Addresses

Ladies and Gentlemen:

In connection with our proposed purchase of 8.25% Notes due 2010, Series A (the "Notes") issued by Panhandle Eastern Pipe Line Company, a Delaware corporation (the "Issuer"), we confirm that:

1. We have received a copy of the Offering Memorandum (the "Offering Memorandum") relating to the Notes and such other information as we deem necessary in order to make our investment decision. We acknowledge that we have read and agree to the matters stated under the caption NOTICE TO INVESTORS in such Offering Memorandum, and the restrictions on duplication or circulation of, or disclosure relating to, such Offering Memorandum.

2. We understand that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Indenture relating to Notes (the "Indenture") and that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth under NOTICE TO INVESTORS in the Offering Memorandum and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with such restrictions and conditions and the Securities Act of 1933, as amended ("Securities Act").

3. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we sell any Notes, we will do so only (A) to the Issuer, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes to the Trustee (as defined in the Indenture) a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Notes (substantially in the form of this letter) and an opinion of counsel acceptable to the Issuer that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 903 or 904 of

Regulation S under the Securities Act, (E) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing any of the Notes from us a notice advising such purchaser that resales of the Notes are restricted as stated herein.

4. We understand that, on any proposed resale of any Notes, we will be required to furnish to the Trustee and the Issuer such certifications, legal opinions and other information as the Trustee and the Issuer may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

5. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

6. We are acquiring the Notes purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You, the Issuer and the Trustee are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

By:

Name:
Title:

(END OF FORM)

(FORM OF FACE OF SERIES B NOTE)

This Note is a Global Note within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. This Note is exchangeable for Notes registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Note (other than a transfer of this Note as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary) may be registered except in limited circumstances.

Unless this Note is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the Issuer or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

CUSIP No. 698465BD2 $100,000,000

Panhandle Eastern Pipe Line Company

8.25% SENIOR NOTE
due 2010, SERIES B

PANHANDLE EASTERN PIPE LINE COMPANY, a Delaware corporation (the "Issuer"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of One Hundred million dollars ($100,000,000) on April 1, 2010 ("Maturity") and to pay interest thereon from March 27, 2000 (the "Original Issue Date") or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on April 1 and October 1 in each year, commencing October 1, 2000 and at Maturity at the rate of 8.25% per annum, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on this Note is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and

punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Note (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment which shall be the close of business on the 15th day of the calendar month prior to which such Interest Payment Date occurs. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered holders on such regular record date, and may be paid to the person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a special record date to be fixed by the Trustee (as defined below) for the payment of such defaulted interest, notice whereof shall be given to the registered holders of this series of Notes not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The principal of (and premium, if any) and the interest on this Note shall be payable at the office or agency of the Trustee maintained for that purpose in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Issuer by check mailed to the registered holder at such address as shall appear in the Security Register.

This Note shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

The provisions of this Note are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be executed.

Dated March 27, 2000

PANHANDLE EASTERN PIPE LINE COMPANY

By

Name: Alan M. Wright
Title: Senior Vice President, Chief Financial Officer and Treasurer

Attest:

By

Name: Thomas A. McNish
Title: Vice President and Secretary

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series of Notes described in the within-mentioned Indenture.

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By

Authorized Signatory

(FORM OF REVERSE OF NOTE)

This Note is one of a duly authorized series of Securities of the Issuer (herein sometimes referred to as the "Notes"), specified in the Indenture, issued or to be issued in one or more series under and pursuant to an indenture (the "Base Indenture") dated as of March 29, 1999 among the Issuer, CMS Panhandle Holding Company, a Michigan company (which has merged into the Issuer), and NBD Bank, as trustee, (predecessor to Bank One Trust Company, National Association), further supplemented by the Second Supplemental Indenture dated as of March 27, 2000 between the Issuer and Bank One Trust Company, National Association (the "Trustee") (the Base Indenture as so supplemented, hereinafter being referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders of the Notes. By the terms of the Indenture, the Notes are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This series of Notes is limited in aggregate principal amount as specified in said Second Supplemental Indenture.

The Notes are redeemable at the option of the Issuer at any time and from time to time, in whole or in part, upon not less than 30 nor more than 45 days notice to each holder of such Notes, at a redemption price equal to the Make-Whole Price of such Notes. "Make-Whole Price" means an amount equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal and interest thereon (excluding the portion of any such interest accrued to the redemption date) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in each case, accrued and unpaid interest thereon to the date of redemption. Unless there is a default in the payment of the redemption price, on and after the date of redemption, interest will cease to accrue on Notes or portions thereof called for redemption.

"Adjusted Treasury Rate" means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price at such date of redemption, plus 25 basis points 0.25%.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any date of redemption, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such date of

redemption, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities", or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of both such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Issuer.

"Reference Treasury Dealer" means, for the Notes, Donaldson, Lufkin & Jenrette Securities Corporation and its respective successors; provided, however, that if any of the foregoing shall not be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such date of redemption.

The Issuer may purchase the Notes in the open market, by tender or otherwise. Notes so purchased may be held, resold or surrendered to the Trustee for cancellation. If applicable, the Issuer will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other securities laws and regulations in connection with any such purchase.

No sinking fund is provided for the Notes.

If an Event of Default with respect to this Note shall occur and be continuing, the principal of this Note may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Note or (ii) certain restrictive covenants and certain other obligations with respect to this Note, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, modifications and amendments of the Indenture by the Issuer and the Trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding Notes.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of the holders of all Notes, waive, insofar as the

Notes are concerned, compliance by the Issuer with certain restrictive provisions of the Indenture.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of all holders of Notes, waive any past default under the Indenture with respect to any Notes, except a default (i) in the payment of principal of, or premium, if any, or any interest on any Note; or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding Note affected.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes; provided, however, that the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes and of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer shall not be required to (a) issue, exchange or register the transfer of this Note for a period of 15 days next preceding the mailing of the notice of redemption of Notes or (b) exchange or register the transfer of any Note or any portion thereof selected, called or being called for redemption, except in the case of any Note to be redeemed in part, the portion thereof not so to be redeemed.

Prior to due presentment of this Note for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Issuer or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

(CERTIFICATE OF TRANSFER)

FOR VALUE RECEIVED, THE UNDERSIGNED HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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(Please print or typewrite name and address including postal zip code, of assignee)

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the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

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to transfer said Note on the books of the Issuer, with full power of substitution in the premises.

Dated:

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ARTICLE VII.

ORIGINAL ISSUE OF NOTES

SECTION 7.1 Original Issue of Notes

Upon execution of this Second Supplemental Indenture, the Series Notes in the aggregate principal amount of $100,000,000 may be executed by the Issuer. Such Notes may be delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Issuer, signed by its Chairman, President or any Vice President and its Secretary or an Assistant Secretary, without any further action by the Issuer. Further, upon execution of this Second Supplemental Indenture, the Series B Notes in the aggregate principal amount of $100,000,000 may be executed by the Issuer. Such notes may be delivered to the Trustee to hold until a Registration Statement has been declared effective by the SEC and the Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Issuer, signed by its Chairman, President or any Vice President and its Secretary or an Assistant Secretary, without any further action by the Issuer.

ARTICLE VIII.

MISCELLANEOUS

SECTION 8.1 Ratification of Indenture.

The Base Indenture, as supplemented by this Second Supplemental Indenture, is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided. The provisions of this Second Supplemental Indenture shall supersede the provisions of the Indenture to the extent the Indenture is inconsistent herewith.

SECTION 8.2 Trustee Not Responsible for Recitals.

The recitals herein contained are made by the Issuer and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Second Supplemental Indenture.

SECTION 8.3 Governing Law.

This Second Supplemental Indenture and each Note shall be deemed to be a contract made under the internal laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

SECTION 8.4 Separability.

In case any one or more of the provisions contained in this Second Supplemental Indenture or in the 2010 Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Second Supplemental Indenture or of the 2010 Notes, but this Second Supplemental Indenture and the 2010 Notes shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 8.5 Counterparts.

This Second Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed as of the day and year first above written.

PANHANDLE EASTERN PIPE LINE COMPANY
As Issuer

By: /s/ A M Wright

Name: Alan M. Wright
Title: Senior Vice President, Chief Financial Officer and Treasurer

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Ernest J. Peck

Name: Ernest J. Peck
Title: Vice President

EXHIBIT 4(f)

This Note is a Global Note within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. This Note is exchangeable for Notes registered in the name of a person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Note (other than a transfer of this Note as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary) may be registered except in limited circumstances.

Unless this Note is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

CUSIP No. 698465BD2 100,000,000

Panhandle Eastern Pipe Line Company

8.25% SENIOR NOTE
due 2010, SERIES B

Panhandle Eastern Pipe Line Company, a Delaware corporation (the "Issuer", for value received, hereby promises to pay to CEDE & Co., or registered assigns, the principal sum of One Hundred million dollars ($100,000,000) on April 1, 2010 ("Maturity") and to pay interest thereon from March 27, 2000 (the "Original Issue Date") or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on April 1 and October 1 in each year, commencing October 1, 2000 and at Maturity at the rate of 8.25% per annum, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent that payment of such interest is enforce able under applicable law) on any overdue installment of interest at the same rate per annum. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. In the event that

any date on which interest is payable on this Note is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Note (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment which shall be the close of business on the 15th day of the calendar month prior to which such Interest Payment Date occurs. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered holders on such regular record date, and may be paid to the person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a special record date to be fixed by the Trustee (as defined below) for the payment of such defaulted interest, notice whereof shall be given to the registered holders of this series of Notes not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The principal of (and premium, if any) and the interest on this Note shall be payable at the office or agency of the Trustee maintained for that purpose in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Issuer by check mailed to the registered holder at such address as shall appear in the Security Register.

This Note shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

The provisions of this Note are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be executed.

Dated March 27, 2000

PANHANDLE EASTERN PIPE LINE COMPANY

By_____
Name: Alan M. Wright
Title: Senior Vice President, Chief Financial Officer and Treasurer

Attest:

By_____
Name: Thomas A. McNish
Title: Vice President and Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series of Notes described in the within-mentioned Indenture.

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Signatory

This Note is one of a duly authorized series of Securities of the Issuer (herein sometimes referred to as the "Notes"), specified in the Indenture, all issued or to be issued in one or more series under and pursuant to an indenture (the "Base Indenture") dated as of March 29, 1999 among the Issuer, CMS Panhandle Holding Company, a Michigan company (which has merged into the Issuer), and NBD Bank, as Trustee (predecessor to Bank One Trust Company, National Association), further supplemented by the Second Supplemental Indenture dated March 27, 2000 between the Issuer and Bank One Trust Company, National Association (the "Trustee") (the Base Indenture, as so supplemented, hereinafter being referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders of the Notes. By the terms of the Indenture, the Notes are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This series of Notes is limited in aggregate principal amount as specified in said Second Supplemental Indenture.

The Notes are redeemable at the option of the Issuer at any time and from time to time, in whole or in part, upon not less than 30 nor more than 45 days notice to each holder of such Notes, at a redemption price equal to the Make-Whole Price of such Notes. "Make-Whole Price" means an amount equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus, in each case, accrued and unpaid interest thereon to the date of redemption. Unless there is a default in the payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes or portions thereof called for redemption.

"Adjusted Treasury Rate" means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price at such date of redemption, plus 25 basis points (0.25%).

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing

new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any date of redemption, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such date of redemption, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities", or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of both such Reference Treasury Dealer Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Issuer.

"Reference Treasury Dealer" means, for the Notes, Donaldson, Lufkin & Jenrette Securities Corporation and its successors; provided, however, that if any of the foregoing shall not be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such date of redemption.

The Issuer may purchase the Notes in the open market, by tender or otherwise. Notes so purchased may be held, resold or surrendered to the Trustee for cancellation. If applicable, the Issuer will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other securities laws and regulations in connection with any such purchase.

No sinking fund is provided for the Notes.

If an Event of Default with respect to this Note shall occur and be continuing, the principal of this Note may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Note or (ii) certain restrictive covenants and certain other obligations with respect to this Note, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, modifications and amendments of the Indenture by the Trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding Notes.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of the holders of all Notes, waive, insofar as the Notes are concerned, compliance by the Issuer with certain restrictive provisions of the Indenture.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of all holders of Notes, waive any past default under the Indenture with respect to any Notes, except a default (i) in the payment of principal of, or premium, if any, or any interest on any Note; or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding Note affected.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes; provided, however, that the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute

and unconditional, to pay the principal of and any premium and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes and of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer shall not be required to (a) issue, exchange or register the transfer of this Note for a period of 15 days next preceding the mailing of the notice of redemption of Notes or (b) exchange or register the transfer of any Note or any portion thereof selected, called or being called for redemption, except in the case of any Note to be redeemed in part, the portion thereof not so to be redeemed.

Prior to due presentment of this Note for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Issuer or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability

being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

(CERTIFICATE OF TRANSFER)

FOR VALUE RECEIVED, THE UNDERSIGNED HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

- ----------

- ----------

- ----------
- ----------
(Please print or typewrite name and address including postal zip code, of assignee)

- ----------
the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints
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- ----------
to transfer said Note on the books of the Issuer, with full power of substitution in the premises.

Dated:
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EXHIBIT 4(g)

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REGISTRATION RIGHTS AGREEMENT

Dated as of March 27, 2000

by

Panhandle Eastern Pipe Line Company

and

Donaldson, Lufkin & Jenrette Securities Corporation

- ---

This Registration Rights Agreement (this "Agreement") is made and entered into as of March 27, 2000, by Panhandle Eastern Pipe Line Company, a Delaware corporation ("Panhandle"), and Donaldson, Lufkin & Jenrette Securities Corporation, (the "Initial Purchaser"), which has agreed to purchase Panhandle's $100,000,000 8.25% Senior Notes due 2010, Series A (the "Series A Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated March 22, 2000 (the "Purchase Agreement"), by Panhandle and the Initial Purchaser. In order to induce the Initial Purchaser to purchase the Series A Notes, Panhandle has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchaser set forth in Section 10(f) of the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Business Day: Any day except a Saturday, Sunday or other day in the City of New York, or in the city of the primary corporate trust office of the Trustee, on which banks are authorized to close.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Broker-Dealer Transfer Restricted Securities: Exchange Notes that are acquired by a Broker/Dealer in the Exchange Offer in exchange for Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its affiliates).

Certificated Securities: As defined in the Indenture.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Company: Company shall mean Panhandle.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Exchange Notes to be issued in the Exchange Offer, (b) the maintenance of such Registration Statement continuously effective and the keeping of the

Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof and (c) the delivery by the Company to the Registrar under the Indenture of the Exchange Notes in the same aggregate principal amount as the aggregate principal amount of the Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

Damages Payment Date: With respect to the Series A Notes, each Interest Payment Date.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Notes: The Company's 8.25% Senior Notes due 2010, Series B, to be issued pursuant to the Indenture (i) in the Exchange Offer or (ii) upon the request of any Holder of Series A Notes covered by a Shelf Registration Statement, in exchange for such Series A Notes.

Exchange Offer: The registration by the Company under the Act of the Exchange Notes pursuant to the Exchange Offer Registration Statement pursuant to which the Company shall offer the Holders of all outstanding Transfer Restricted Securities the opportunity to exchange all such outstanding Transfer Restricted Securities for Exchange Notes in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Initial Purchaser proposes to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act.

Global Noteholder: As defined in the Indenture.

Holders: As defined in Section 2 hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Interest Payment Date: As defined in the Indenture and the Notes.

NASD: National Association of Securities Dealers, Inc.

Notes: The Series A Notes and the Exchange Notes.

Person: An individual, partnership, corporation, trust, limited liability company, unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Record Holder: With respect to any Damages Payment Date, each Person who is a Holder of Notes on the record date with respect to the Interest Payment Date on which such Damages Payment Date shall occur.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company relating to (a) an offering of Exchange Notes pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case, (i) which is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Restricted Broker-Dealer: Any Broker-Dealer which holds Broker-Dealer Transfer Restricted Securities.

Shelf Registration Statement: As defined in Section 4 hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S. C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: Each Note, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer and entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement, (c) the date on which such Series A Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein) or (d) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act.

Underwritten Registration or Underwritten Offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

SECTION 2. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Company shall (i) cause to be filed with the Commission as soon as practicable after the Closing Date, but in no

event later than 90 days after the Closing Date, the Exchange Offer Registration Statement, (ii) use its best efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 180 days after the Closing Date, (iii) in connection with the foregoing, (A) file all preeffective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause such Exchange Offer Registration Statement to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Exchange Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting registration of the Exchange Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and to permit sales of Broker-Dealer Transfer Restricted Securities by Restricted Broker-Dealers as contemplated by Section 3(c) below.

(b) The Company shall use its best efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Notes shall be included in the Exchange Offer Registration Statement. The Company shall use its best efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 Business Days thereafter.

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Restricted Broker-Dealer who holds Series A Notes that are Transfer Restricted Securities and that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities, may exchange such Series A Notes (other than Transfer Restricted Securities acquired directly from the Company or any Affiliate of the Company) pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of each Exchange Note received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such "Plan of Distribution" section shall also contain all other information with respect to such sales of Broker-Dealer Transfer Restricted Securities by Restricted Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Notes held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy after the date of this Agreement.

The Company shall use its best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) below to the extent necessary to ensure that it is available for sales of Broker-Dealer Transfer Restricted Securities by Restricted Broker-Dealers, and to ensure that such Registration Statement conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the date on which the Exchange Offer is Consummated.

The Company shall promptly provide sufficient copies of the latest version of such Prospectus to such Restricted Broker-Dealers promptly upon request, and in no event later than one day after such request, at any time during such one-year period in order to facilitate such sales.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Company is not required to file an Exchange Offer Registration Statement with respect to the Exchange Notes because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a)(i) below have been complied with) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company within 20 Business Days following the Consummation of the Exchange Offer that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Company or one of its affiliates, then the Company shall (x) cause to be filed on or prior to 60 days after the date on which the Company determines that it is not required to file the Exchange Offer Registration Statement pursuant to clause (i) above or 60 days after the date on which the Company receives the notice specified in clause (ii) above a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (in either event, the "Shelf Registration Statement")), relating to all Transfer Restricted Securities the Holders of which shall have provided the information required pursuant to Section 4(b) hereof, and shall (y) use its best efforts to cause such Shelf Registration Statement to become effective on or prior to 120 days after the date on which the Company becomes obligated to file such Shelf Registration Statement. If, after the Company has filed an Exchange Offer Registration Statement which satisfies the requirements of Section 3(a) above, the Company is required to file and make effective a Shelf Registration Statement solely because the Exchange Offer shall not be permitted under applicable federal law, then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above. Such an event shall have no effect on the requirements of clause (y) above. The Company shall use its best efforts to keep the Shelf Registration Statement discussed in this Section 4(a) continuously effective, supplemented and amended as required by and subject to the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a), and to ensure that it conforms with the requirements of this

Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the date on which such Shelf Registration Statement first becomes effective under the Act.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 20 days after receipt of a request therefor, such information specified in item 507 of Regulation S-K under the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to Liquidated Damages pursuant to Section 5 hereof unless and until such Holder shall have used its best efforts to provide all such information. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the date specified for such filing in this Agreement, (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the date specified for such effectiveness in this Agreement, (iii) the Exchange Offer has not been Consummated within 30 Business Days after the Exchange Offer Registration Statement is first declared effective by the Commission or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter cease to be effective or fail to be usable for its intended purpose without being succeeded within fifteen business days by a post-effective amendment to such Registration Statement that cures such failure and that is itself declared effective within five business days (each such event referred to in clauses (i) through (iv), a "Registration Default"), then the Company agrees to pay liquidated damages to each Holder of Transfer Restricted Securities with respect to the first 90-day period immediately following the occurrence of such Registration Default, in an amount equal to $.05 per week per $1,000 principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues. The amount of the liquidated damages shall increase by an additional $.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $.25 per week per $1,000 principal amount of Transfer Restricted Securities. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above, (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above, (3) upon Consummation of the Exchange Offer, in the case of (iii) above, or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made

usable in the case of (iv) above, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Global Note Holder by wire transfer of immediately available funds or by federal funds check and to Holders of Certificated Securities by mailing checks to their registered addresses on each Damages Payment Date. All obligations of the Company set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company shall comply with all applicable provisions of Section 6(c) below, shall use its best efforts to effect such exchange and to permit the sale of Broker-Dealer Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and shall comply with all of the following provisions:

(i) If, following the date hereof, there has been published a change in Commission policy with respect to exchange offers such as the Exchange Offer, such that in the reasonable opinion of counsel to the Company there is a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company hereby agrees to seek a no-action letter or other favorable decision from the Commission allowing the Company to Consummate an Exchange Offer for such Series A Notes. The Company hereby agrees to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company hereby agrees to take all such other actions as are reasonably requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff of such submission.

(ii) As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Exchange Offer to

participate in a distribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no- action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Notes obtained by such Holder in exchange for Series A Notes acquired by such Holder directly from the Company or an affiliate thereof.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company shall provide a supplemental letter to the Commission (A) stating that the Company is registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holding Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that the Company has not entered into any arrangement or understanding with any Person to distribute the Exchange Notes to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the Exchange Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Exchange Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company shall comply with all the provisions of Section 6(c) below and shall use its best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Exchange Offer Registration Statement and the related Prospectus, to the extent that the same are required to be available to permit sales of Broker-Dealer Transfer Restricted Securities by Restricted Broker-Dealers), the Company shall:

(i) use its best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement, (1) in the case of clause (A), correcting any such misstatement or omission, and (2) in the case of clauses (A) and (B), use its best efforts to cause such amendment to be declared effective and such Registration statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter.

(ii) prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s) if any, and selling Holders promptly and, if requested by such Persons, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the

qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) furnish to the Initial Purchaser(s) each selling Holder named in any Registration Statement or Prospectus and each of the underwriter(s) in connection with such sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders and underwriter(s) in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which the selling Holders of the Transfer Restricted Securities covered by such Registration Statement or the underwriter(s) in connection with such sale, if any, shall reasonably object within five Business Days after the receipt thereof;

(v) promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to the selling Holders and to the underwriter(s) in connection with such sale, if any, make the Company's representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such selling Holders or underwriter(s) if any, reasonably may request;

(vi) make available at reasonable times for inspection by the selling Holders, any managing underwriter participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such selling Holders or any of such underwriter(s), all financial and other records, material corporate documents and properties of the Company and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement or any posteffective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(vii) if requested by any selling Holders or the underwriter(s) in connection with such sale, if any, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s) if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s) the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(viii) furnish to each selling Holder and each of the underwriter(s) in connection with such sale, if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(ix) deliver to each selling Holder and each of the underwriter(s) if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(x) enter into such agreements (including an underwriting agreement) and make such representations and warranties and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any Registration Statement contemplated by this Agreement as may be reasonably requested by any Holder of Transfer Restricted Securities or underwriter in connection with any sale or resale pursuant to any Registration Statement contemplated by this Agreement, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, the Company shall:

(A) furnish (or in the case of paragraphs (2) and (3), use its best efforts to furnish) to each selling Holder and each underwriter, if any, upon the effectiveness of the Shelf Registration Statement and to each Restricted Broker- Dealer upon Consummation of the Exchange Offer:

(1) a certificate, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, signed on behalf of the Company by (x) the President or any Vice President and (y) a principal financial or accounting officer of the Company, confirming, as of the date thereof, the matters set forth in paragraphs (a) through (d) of Section 10 of the Purchase Agreement and such other similar matters as the Holders, underwriter(s) and/or Restricted Broker Dealers may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company covering matters similar to those set forth in paragraph (f) of Section 10 of the Purchase Agreement and such other matters as the Holders, underwriters and/or Restricted Broker Dealers may reasonably request, and in any event

including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing (relying as to materiality to a large extent upon facts provided to such counsel by officers and other representatives of the Company and without independent check or verification), no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated as of the date of effectiveness of the Shelf Registration Statement or the date of Consummation of the Exchange Offer, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with primary underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 10 of the Purchase Agreement, without exception.

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, in connection with any sale or resale pursuant to any Shelf Registration Statement, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and

(C) deliver such other documents and certificates as may be reasonably requested by the selling Holders, the underwriter(s) if any, and Restricted Broker

Dealers, if any, to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company pursuant to this clause (C).

The above shall be done at each closing under such underwriting or similar agreement, as and to the extent required thereunder, and if at any time the representations and warranties of the Company contemplated in (A)(1) above cease to be true and correct, the Company shall so advise the underwriter(s), if any, the selling Holders and each Restricted Broker-Dealer promptly and, if requested by such Persons, shall confirm such advice in writing;

(xi) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s) if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriter(s), if any, may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that the Company shall not be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xii) issue, upon the request of any Holder of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Exchange Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such Exchange Notes to be registered in the name of such Holder or in the name of the purchaser(s) of such Notes, as the case may be; in return, the Series A Notes held by such Holder shall be surrendered to the Company for cancellation;

(xiii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the Holders or the underwriter(s), if any, may request at least two Business Days prior to such sale of Transfer Restricted Securities;

(xiv) use its best efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xi) above;

(xv) subject to Section 6(c)(i), if any fact or event contemplated by Section

6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xvi) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with the Depository Trust Company;

(xvii) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the NASD, and use its best efforts to cause such Registration Statement to become effective and approved by such governmental agencies or authorities as may be necessary to enable the Holders selling Transfer Restricted Securities to consummate the disposition of such Transfer Restricted Securities;

(xviii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act);

(xix) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee and the Holders of Notes to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use its best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xx) provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of the notice referred to in Section 6(c)(i) or any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof, such

Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof, or until it is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (the "Advice"). If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of either such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(i) or Section 6(c)(iii)(D) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof or shall have received the Advice.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Company's performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Exchange Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company and (other than in connection with the Exchange Offer) the Holders of Transfer Restricted Securities; (v) all application and filing fees, if any, in connection with listing the Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with the Shelf Registration Statement, the Company will reimburse the Holders of Transfer Restricted Securities registered pursuant to the Shelf Registration Statement, for the reasonable fees and disbursements of not more than one counsel, who shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit the Shelf Registration Statement is being prepared in consultation with the Company.

SECTION 8. INDEMNIFICATION AND CONTRIBUTION

Indemnification. (a) The Company agrees, to the extent permitted by law, to indemnify

and hold harmless each Holder and each person, if any, who controls any Holder within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act or otherwise ("Indemnified Holder"), and to reimburse the Holders and such controlling person or persons, if any, for any legal or other expenses incurred by them in connection with defending any action, suit or proceeding (including governmental investigations) as provided in Section 8(c) hereof, insofar as such losses, claims, damages, liabilities or actions, suits or proceedings (including governmental investigations) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, or, if any Registration Statement shall be amended or supplemented, in the Registration Statement as so amended or supplemented, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission which was made in the Registration Statement or in the Registration Statement as so amended or supplemented, in reliance upon and in conformity with information furnished in writing to the Company by, any Holder expressly for use therein.

The Company's indemnity agreement contained in this Section 8(a), and the covenants, representations and warranties of the Company contained in this Agreement, shall remain in full force and effect regardless of any investigation made by or on behalf of any person, and the indemnity agreement contained in this Section 8 shall survive any termination of this Agreement. The liabilities of the Company in this Section 8(a) are in addition to any other liabilities of the Company under this Agreement or otherwise.

(b) Each Holder agrees, severally and not jointly, to the extent permitted by law, to indemnify, hold harmless and reimburse the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent and upon the same terms as the indemnity agreement of the Company set forth in Section 8(a) hereof, but only with respect to alleged untrue statements or omissions made in the Registration Statement or in the Registration Statement, as amended or supplemented, (if applicable) in reliance upon and in conformity with information furnished in writing to the Company by such Holder expressly for use therein.

The indemnity agreement on the part of each Holder contained in this Section 8(b) shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any other person, and the indemnity agreement contained in this Section 8(b) shall survive any termination of this Agreement.

(c) If a claim is made or an action, suit or proceeding (including governmental investigations) is commenced or threatened against any person as to which indemnity may be sought under Section 8(a) or 8(b), such person (the "Indemnified Person") shall notify the person against whom such indemnity may be sought (the "Indemnifying Person ") promptly after any assertion of such claim threatening to institute an action, suit or proceeding or if such an action,

suit or proceeding is commenced against such Indemnified Person, promptly after such Indemnified Person shall have been served with a summons or other first legal process, giving information as to the nature and basis of the claim. Failure to so notify the Indemnifying Person shall not, however, relieve the Indemnifying Person from any liability which it may have on account of the indemnity under Section 8(a) or 8(b) if the Indemnifying Person has not been prejudiced in any material respect by such failure. Subject to the immediately succeeding sentence, the Indemnifying Person shall assume the defense of any such litigation or proceeding, including the employment of counsel and the payment of all expenses, with such counsel being designated, subject to the immediately succeeding sentence, in writing by a majority in principal amount of the Holders in the case of parties indemnified pursuant to Section 8(b) and by the Company in the case of parties indemnified pursuant to Section 8(a). Any Indemnified Person shall have the right to participate in such litigation or proceeding and to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include (x) the Indemnifying Person and (y) the Indemnified Person and, in the written opinion of counsel to such Indemnified Person, representation of both parties by the same counsel would be inappropriate due to actual or likely conflicts of interest between them, in either of which cases the reasonable fees and expenses of counsel (including disbursements) for such Indemnified Person shall be reimbursed by the Indemnifying Person to the Indemnified Person. If there is a conflict as described in clause (ii) above, and the Indemnified Persons have participated in the litigation or proceeding utilizing separate counsel whose fees and expenses have been reimbursed by the Indemnifying Person and the Indemnified Persons, or any of them, are found to be such fees and expenses of such separate counsel as the Indemnifying Person shall have reimbursed. It is understood that the Indemnifying Person shall not, in connection with any litigation or proceeding or related litigation or proceedings in the same jurisdiction as to which the Indemnified Persons are entitled to such separate representation, be liable under this Agreement for the reasonable fees and out-of-pocket expenses of more than one separate firm (together with not more than one appropriate local counsel) for all such Indemnified Persons. Subject to the next paragraph, all such fees and expenses shall be reimbursed by payment to the Indemnified Persons of such reasonable fees and expenses of counsel promptly after payment thereof by the Indemnified Persons.

In furtherance of the requirement above that fees and expenses of any separate counsel for the Indemnified Persons shall be reasonable, the Holders and the Company agree that the Indemnifying Person's obligations to pay such fees and expenses shall be conditioned upon the following:

(1) in case separate counsel is proposed to be retained by the Indemnified Persons pursuant to clause (ii) of the preceding paragraph, the Indemnified Persons shall in good faith fully consult with the Indemnifying Person in advance as to the selection of such counsel;

(2) reimbursable fees and expenses of such separate counsel shall be detailed and supported in a manner reasonably acceptable to the Indemnifying Person (but nothing

herein shall be deemed to require the furnishing to the Indemnifying Person of any information, including without limitation, computer print-outs of lawyers' daily time entries, to the extent that, in the judgment of such counsel, furnishing such information might reasonably be expected to result in a waiver of any attorney-client privilege); and

(3) the Company and the Holders shall cooperate in monitoring and controlling the fees and expenses of separate counsel for Indemnified Persons for which the Indemnifying Person is liable hereunder, and the Indemnified Person shall use every reasonable effort to cause such separate counsel to minimize the duplication of activities as between themselves and counsel to the Indemnifying Person.

The Indemnifying Person shall not be liable for any settlement of any litigation or proceeding effected without the written consent of the Indemnifying Person, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees, subject to the provisions of this Section 8, to indemnify the Indemnified Person from and against any loss, damage, liability or expenses by reason of such settlement or judgment. The Indemnifying Person shall not, without the prior written consent of the Indemnified Persons, effect any settlement of any pending or threatened litigation, proceeding or claim in respect of which indemnity has been properly sought by the Indemnified Persons hereunder, unless such settlement includes an unconditional release by the claimant of all Indemnified Persons from all liability with respect to claims which are the subject matter of such litigation, proceeding or claim.

Contribution. If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an Indemnified Person under this Section 8 in respect of any losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof) referred to therein, then each Indemnifying Person under this Section 8 shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Person on the one hand and the Indemnified Person on the other from the sale of the Transfer Restricted Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Person shall contribute to such amount paid or payable by such Indemnified Person in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of each Indemnifying Person, if any, on the one hand and the Indemnified Person on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof), as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Holders on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Holders were treated as one entity for such

purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental proceedings) in respect thereof) referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action, suits or proceedings (including governmental proceedings) or claim, provided that the provisions of Section 8 have been complied with (in all material respects) in respect of any separate counsel for such Indemnified Person. Notwithstanding the provisions of this Section 8, no Holder shall be required to contribute any amount greater than the excess of the amount by which the total received by such Holder with respect to the sale of its Transfer Restricted Securities pursuant to a Registration Statement exceeds the sum of (A) the amount paid by such Holder for such Transfer Restricted Securities plus (B) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations in this Section 8 to contribute are several in proportion to their respective underwriting obligations and not joint.

The agreement with respect to contribution contained in this Section 8 hereof shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any Holder, and shall survive any termination of this Agreement.

SECTION 9. RULE 144A

The Company hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act, to make available, upon request of any Holder of Transfer Restricted Securities, to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

SECTION 10. UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in customary underwriting arrangements entered into in connection therewith and (b) completes and executes all reasonable questionnaires, powers of attorney, and other documents required under the terms of such underwriting arrangements.

SECTION 11. SELECTION OF UNDERWRITERS

For any Underwritten Offering, the investment banker or investment bankers and

manager or managers for any Underwritten Offering that will administer such offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; provided, that such investment bankers and managers must be reasonably satisfactory to the Company. The Holders of Transfer Restricted Securities included in any such Underwritten Offering shall be responsible for paying all underwriting or placement fees charged, or costs or expenses incurred, by such investment bankers and managers in connection with such Underwritten Offering. Such investment bankers and managers are referred to herein as the "underwriters."

SECTION 12. MISCELLANEOUS

(a) Remedies. Each Holder, in addition to being entitled to exercise all rights provided herein, in the Indenture, the Purchase Agreement or granted by law, including recovery of liquidated or other damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by them of the provisions of this Agreement and hereby agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Company has not previously entered into any agreement granting any registration rights with respect to its securities to any Person. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) Adjustments Affecting the Notes. The Company will not take any action, or voluntarily permit any change to occur, with respect to the Notes that would materially and adversely affect the ability of the Holders to Consummate any Exchange Offer.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 12(d)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(e) Notices. All notices and other communications provided for or permitted hereunder

shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to Panhandle:

c/o CMS Energy Corporation
Fairlane Plaza South, Suite 1100
330 Town Center Drive
Dearborn, Michigan 48126

Telecopier No.: (313) 436-9258, Attention: Alan M. Wright

With a copy to:

Robert C. Shrosbree, Esq.
Telecopier No.: (313) 436-9225

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, however, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities directly from such Holder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

PANHANDLE EASTERN PIPE LINE COMPANY

By: /s/ Alan M. Wright

Name: Alan M. Wright
Title. Senior Vice President, Chief Financial Officer and Treasurer

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: /s/ Gavin H. Wolfe

Name: Gavin H. Wolfe
Title: Senior Vice President

EXHIBIT 5

[CMS ENERGY CORPORATION LETTERHEAD]

June 21, 2000

Panhandle Eastern Pipe Line Company
5444 Westheimer Road
Houston, Texas 77056-5306

Ladies and Gentlemen:

I am the Assistant General Counsel of CMS Energy Corporation, a Michigan corporation ("CMS Energy"), and have acted as special counsel to Panhandle Eastern Pipe Line Company ("Panhandle"), an indirect wholly owned subsidiary of CMS Energy, in connection with the Registration Statement on Form S-4 (the "Registration Statement") being filed by Panhandle with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of $100 million of 8.25% Senior Notes Due 2010, Series B (the "Exchange Notes"). The Exchange Notes will be issued under the Indenture dated as of March 27, 1999 between Panhandle and Bank One Trust Company, National Association, successor to, NBD Bank, as trustee (the "Trustee"), as previously supplemented and further supplemented by a Second Supplemental Indenture dated as of March 27, 2000 (the "Indenture"). The Exchange Notes are being exchanged for all of the outstanding $100 million of 8.25% Senior Notes Due 2010, Series A issued by Panhandle (collectively, the "Notes") pursuant to an Exchange Offer. Capitalized terms not otherwise defined herein have the respective meanings specified in the Registration Statement.

In rendering this opinion, I have examined and relied upon a copy of the Registration Statement. I have also examined, or have arranged for the examination by an attorney or attorneys under my general supervision, originals, or copies of originals certified to my satisfaction, of such agreements, documents, certificates and other statements of governmental officials and other instruments, and have examined such questions of law and have satisfied myself as to such matters of fact, as I have considered relevant and necessary as a basis for this opinion. I have assumed the authenticity of all documents submitted to me as originals, the genuineness of all signatures, the legal capacity of all natural persons and the conformity with the original documents of any copies thereof submitted to me for examination.

Based on the foregoing it is my opinion that:

1. Panhandle is duly incorporated and validly existing under the laws of the State of Delaware.

2. Panhandle has the corporate power and authority to authorize and deliver the Exchange Notes pursuant to the Indenture.

3. The Exchange Notes will be legally issued and binding obligations of Panhandle (except to the extent enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally and by the effect of general principles of equity, regardless of whether enforceability is considered in a proceeding in equity or at law) when (i) the Registration Statement, as finally amended (including any necessary post-effective amendments) shall have become effective under the Securities Act, and the Indenture shall have been qualified under the Trust Indenture Act; (ii) an appropriate prospectus with respect to the Exchange Notes shall have been filed with the Commission pursuant to Rule 424 under the Securities Act; and (iii) the Exchange Notes shall be duly authenticated by the Trustee and the Exchange Notes shall have been delivered to those holders of Notes in exchange for such Notes pursuant to the Exchange Offer.

For purposes of this opinion, I have assumed that there will be no changes in the laws currently applicable to Panhandle and that such laws will be the only laws applicable to Panhandle.

I do not find it necessary for the purposes of this opinion to cover, and accordingly I express no opinion as to, the application of the securities or blue sky laws of the various states to the issuance of the Exchange Notes.

I am a member of the bar of the State of Michigan and I express no opinion as to the laws of any jurisdiction other than the State of Michigan and the federal law of the United States of America.

I hereby consent to the filing of this opinion as an exhibit to Panhandle's Registration Statement relating to the Exchange Notes and to all references to me included in or made apart of the Registration Statement.

Very truly yours,

/s/ Michael D. Van Hemert

EXHIBIT 8

[CMS ENERGY CORPORATION LETTERHEAD]

June 21, 2000

Panhandle Eastern Pipe Line Company
5444 Westheimer Road
Houston, Texas 77056-5306

Ladies and Gentlemen:

Reference is made to the prospectus, (the "Prospectus"), which constitutes part of the registration statement on Form S-4 (the "Registration Statement"), to be filed by Panhandle Eastern Pipe Line Company with the Securities and Exchange Commission on or about the date hereof pursuant to the Securities Act of 1933, as amended, for the registration of 8.25% Senior Notes Due 2010, Series B (the "Exchange Notes").

I am of the opinion that the statements set forth under the caption "Certain United States Federal Income Tax Consequences" in the Prospectus constitute an accurate description, in general terms, of certain United States federal income tax consideration that may be relevant to the prospective holders of the Exchange Notes.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Jay M. Silverman
Principal Tax Attorney

EXHIBIT 10(f)

$100,000,000

PANHANDLE EASTERN PIPE LINE COMPANY

$100,000,000 8.25% Senior Notes due 2010, Series A

Purchase Agreement

March 22, 2000

Donaldson, Lufkin & Jenrette
Securities Corporation
277 Park Avenue
New York, New York 10172

Dear Sirs:

Panhandle Eastern Pipe Line Company, a Delaware corporation (the "Company") confirms its agreement with Donaldson, Lufkin & Jenrette Securities Corporation (the "Initial Purchaser") with respect to the issue and sale by the Company and the purchase by the Initial Purchaser of the principal amount of $100,000,000 of its 8.25% Senior Notes due 2010, Series A (the "Series A Notes"), subject to the terms and conditions set forth herein. The Series A Notes are to be issued pursuant to the provisions of the Indenture, dated as of March 29, 1999, by and among the Company, CMS Panhandle Holding Company, a Michigan company (which has merged into the Company), and NBD Bank, as trustee (predecessor to Bank One Trust Company, National Association), relating to the Notes (the "Base Indenture"), as supplemented by the Second Supplemental Indenture, to be dated March 27, 2000 (the "Supplemental Indenture" and together with the Base Indenture, the "Indenture"), between the Company and Bank One Trust Company, National Association, as trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Indenture.

Holders (including subsequent transferees) of the Series A Notes will have the registration rights set forth in the registration rights agreement (the "Registration Rights Agreement"), to be dated the Closing Date (as defined below), for so long as such Series A Notes constitute "Transfer Restricted Securities" (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, the Company will agree to file with the Securities and Exchange Commission (the "Commission"), under the circumstances set forth therein, (i) a registration statement (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act") relating to $100,000,000 in aggregate principal amount of the Company's 8.25% Senior Notes due 2010, Series B (the "Exchange Notes") to be offered in exchange for the Series A Notes (such offer to exchange being referred to as the "Exchange

Offer") and (ii) a shelf registration statement pursuant to Rule 415 under the Act (the "Shelf Registration Statement" and, together with the Exchange Offer Registration Statement, the "Registration Statements") relating to the resale by certain holders of the Series A Notes and to use its best efforts to cause such Registration Statements to be declared and remain effective and usable for the periods specified in the Registration Rights Agreement and to consummate the Exchange Offer. The Series A Notes and the Exchange Notes issuable in exchange therefor are collectively referred to herein as the "Notes." This Agreement, the Indenture, the Notes and the Registration Rights Agreement are hereinafter sometimes referred to collectively as the "Operative Documents."

1. Offering Memorandum: The Series A Notes will be offered and sold to the Initial Purchaser pursuant to one or more exemptions from the registration requirements under the Act. The Company has prepared a preliminary offering memorandum dated March 20, 2000 (the "Preliminary Offering Memorandum") and an offering memorandum, dated March 22, 2000 (the "Offering Memorandum") relating to the Series A Notes, which incorporate by reference documents filed by the Company pursuant to Sections 13, 14 or 15 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). As used herein, the term "Preliminary Offering Memorandum" and "Offering Memorandum" shall include respectively the documents incorporated by reference therein. Any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Preliminary Offering Memorandum and Offering Memorandum shall be deemed to include amendments or supplements to the Preliminary Offering Memorandum and Offering Memorandum, and documents incorporated by reference after the date of this Agreement and prior to the termination of the offering of the Series A Notes by the Initial Purchaser.

Upon original issuance thereof, and until such time as the same is no longer required pursuant to the Indenture, the Series A Notes shall bear the following legend:

> THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES.

2. Agreement to Sell and Purchase: On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions contained herein, the Company agrees to issue and sell to the Initial Purchaser, and the Initial Purchaser agrees to purchase from the Company, the principal amount of Series A Notes at a purchase price equal to % of the principal amount thereof (the "Purchase Price").

The Company hereby agrees that, without the prior written consent of the Initial Purchaser, it will not offer, sell, contract to sell or otherwise issue debt securities substantially similar to the Series A Notes for a period from the date of the execution of this Agreement until the date 30 days after the Closing Date.

3. Terms of Offering: The Initial Purchaser had advised the Company that the Initial Purchaser will take offers (the "Exempt Resales") of the Series A Notes purchased hereunder on the terms set forth in the Offering Memorandum solely to (i) persons whom the Initial Purchaser reasonably believes to be "qualified institutional buyers" as defined in Rule 144A under the Act ("QIBs")(such persons being referred to herein as the "Eligible Purchasers"). The Initial Purchaser will offer the Series A Notes to Eligible Purchasers initially at a price equal to 100% of the principal amount thereof. Such price may be changed at any time without notice.

4. Delivery and Payment:

(a) Delivery of and payment of the Purchase Price for the Series A Notes shall be made at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, or such other location as may be mutually acceptable. Payment for the Series A Notes shall be made to the Company in federal or other funds immediately available in New York City against delivery of such Series A Notes for the account of the Initial Purchaser at 10:00 a.m., New York City time, on March 27, 2000, or at such other time as shall be agreed upon by the Initial Purchaser and the Company. The time and date of such delivery and the payment are herein called the "Closing Date."

(b) Certificates for the Series A Notes shall be in definitive form or global form, as specified by you, and registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date. The certificates evidencing the Series A Notes shall be delivered to you on the Closing Date for the account of the Initial Purchaser, with any transfer taxes payable in connection with the transfer of the Series A Notes to the Initial Purchaser duly paid, against payment of the Purchase Price therefor plus accrued interest, if any, to the date of payment and delivery. Certificates for the Series A Notes shall be made available to the Initial Purchaser for inspection not later than 9:30 a.m., New York City time, on the business day immediately preceding the Closing Date.

5. Agreements of the Company: In further consideration of the agreements of the Initial Purchaser herein contained, the Company covenants as follows:

(a) To prepare the Preliminary Offering Memorandum and Offering Memorandum in a form approved by you; to make no amendment or any supplement to the Preliminary Offering Memorandum and Offering Memorandum which shall be disapproved by your counsel upon legal grounds in writing, after consultation with you, promptly after reasonable notice thereof; and to furnish you with copies thereof.

(b) To advise the Initial Purchaser promptly and, if requested by the Initial Purchaser, confirm such advice in writing, (i) of the issuance by any state securities commission of any stop order suspending the qualification or exemption from qualification of any Series A Notes for offering or sale in any jurisdiction designated by the Initial Purchaser pursuant to Section 5(e) hereof, or the initiation of any proceeding by any state securities commission or any other federal or state regulatory authority for such purpose. The Company shall use its best efforts to prevent the issuance of any stop order or order suspending the qualification or exemption of any Series A Notes under any state securities or Blue Sky laws and, if at any time any state securities commission or other federal or state regulatory authority shall issue an order suspending the qualification or exemption of any Series A Notes under any state securities or Blue Sky laws, the Company shall use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.

(c) Prior to 10:00 a.m., New York City time, on the Business Day next succeeding the date of this Agreement, or as soon as otherwise mutually agreed, and from time to time thereafter, to furnish the Initial Purchaser and those persons identified by the Initial Purchaser to the Company as many copies of the Offering Memorandum, and any amendments or supplements thereto, in such quantities as the Initial Purchaser may reasonably request. Subject to the Initial Purchaser's compliance with its representations and warranties and agreements set forth in Section 7 hereof, the Company consents to the use of the Offering Memorandum, and any amendments and supplements thereto required pursuant hereto, by the Initial Purchaser in connection with Exempt Resales.

(d) Until such time as either of the Registration Statements shall be declared effective by the Commission, but in no event later than nine months after the date of the Offering Memorandum, any event shall have occurred as a result of which the Offering Memorandum as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made when such Offering Memorandum is delivered, not misleading, or, if for any other reason it shall be necessary or desirable during such same period to amend or supplement the Offering Memorandum, to notify you and upon your request to prepare and, subject to Section 5(a) and 5(j) hereof, furnish without charge to each Initial Purchaser and to any dealer in securities as many copies as you may from time to time reasonably request of an amended Offering Memorandum or a supplement to the Offering Memorandum which will correct such statement or omission or effect such compliance.

(e) To use its best efforts to qualify the Series A Notes for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Initial Purchaser may designate

and to pay (or cause to be paid), or reimburse (or cause to be reimbursed) the Initial Purchaser and their counsel for, reasonable filing fees and expenses in connection therewith (including the reasonable fees and disbursements of counsel to the Initial Purchaser and filing fees and expenses paid and incurred prior to the date hereof), provided, however, that the Company shall not be required to qualify to do business as a foreign corporation or as a securities dealer or to file a general consent to service of process or to file annual reports or to comply with any other requirements deemed by the Company to be unduly burdensome.

(f) So long as the Notes are outstanding, (i) to mail and make generally available as soon as practicable after the end of each fiscal year to the record holders of the Notes a financial report of the Company on a consolidated basis, all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by the Company's independent public accountants and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year,) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(g) So long as any of the Series A Notes remain outstanding and during any period in which either the Company is not subject to Section 13 or 15(d) of the Exchange Act, to make available to any holder of Series A Notes in connection with any sale thereof and any prospective purchaser of such Series A Notes from such holder, the information required by Rule 144A(d)(4) under the Act.

(h) To pay all expenses, fees and taxes (other than transfer taxes on sales by the Initial Purchaser) in connection with the issuance and delivery of the Series A Notes, except that the Company shall be required to pay the fees and disbursements (other than fees and disbursements referred to in paragraph (e) of this Section 5) of Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, counsel to the Initial Purchaser, only in the events provided in paragraph (i) of this Section 5, the Initial Purchaser hereby agreeing to pay such fees and disbursements in any other event, and that except as provided in such paragraph (i), the Company shall not be responsible for any out-of-pocket expenses of the Initial Purchaser in connection with their services hereunder.

(i) If the Initial Purchaser shall not take up and pay for the Series A Notes due to the failure of the Company to comply with any of the conditions specified in Section 10 hereof, or, if this Agreement shall be terminated in accordance with the provisions of Section 11(b) hereof prior to the Closing Date, to pay the reasonable fees and disbursements of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Initial Purchaser, and, if the Initial Purchaser shall not take up and pay for the Series A Notes due to the failure of the Company to comply with any of the conditions specified in Section 10 hereof, to reimburse the Initial

Purchaser for their reasonable out-of-pocket expenses, in an aggregate amount not exceeding a total of $3,000, incurred in connection with the financing contemplated by this Agreement.

(j) During the period referred to in paragraph (d) of this Section 5, to not amend or supplement the Offering Memorandum unless the Company has furnished the Initial Purchaser and counsel to the Initial Purchaser with a copy for their review and comment a reasonable time prior to filing and has reasonably considered any comments of the Initial Purchaser, or any such amendment or supplement to which such counsel shall reasonably object on legal grounds in writing, after consultation with the Initial Purchaser.

(k) During the period referred to in paragraph (d) of this Section 5, to furnish the Initial Purchaser with copies of all documents required to be filed with the Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(l) During the period referred to in paragraph (d) of this Section 5, to comply with all requirements under the Exchange Act relating to the filing with the Commission of its reports pursuant to Section 13 of the Exchange Act and of its proxy statements pursuant to Section 14 of the Exchange Act.

(m) To comply in all material respects with all of its agreements set forth in the Registration Rights Agreement.

(n) To obtain the approval of The Depository Trust Company ("DTC") for "book-entry" transfer of the Notes, and to comply in all material respects with all of its agreements set forth in the representation letters of the Company to DTC relating to the approval of the Notes by DTC for "book-entry" transfer.

(o) Not to (or permit any affiliate to) sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Act) that would be integrated with the sale of the Series A Notes to the Initial Purchaser or pursuant to Exempt Resales in a manner that would require the registration of any such sale of the Series A Notes under the Act.

(p) Not to voluntarily claim, and to actively resist any attempts to claim, the benefit of any usury laws against the holders of any Notes.

(q) To cause the Exchange Offer to be made in the appropriate form to permit Exchange Notes registered pursuant to the Act to be offered in exchange for the Series A Notes and to comply in all material respects with all applicable federal and state securities laws in connection with the Exchange Offer.

(r) During the period of two years after the Closing Date, not to, and not permit any of its affiliates (as defined in Rule 144 under the Act) to, resell any of the Notes which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

(s) To apply the net proceeds of the offering and sale of the Series A Notes in the manner set forth in the Offering Memorandum under the caption "Use of Proceeds".

6. Representations and Warranties of the Company: The Company represents and warrants to, and agrees with, the Initial Purchaser that:

(a) Each of the Preliminary Offering Memorandum and the Offering Memorandum does not, and any supplement or amendment to it will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties contained in this paragraph shall not apply to statements in or omissions from the Preliminary Offering Memorandum and the Offering Memorandum (or any supplement or amendment thereto) based upon information relating to the Initial Purchaser furnished to the Company in writing by the Initial Purchaser expressly for use therein. No stop order preventing the use of the Offering Memorandum, or any amendment or supplement thereto, or any order asserting that any of the transactions contemplated by this Agreement are subject to the registration requirements of the Act, has been issued.

(b) The documents incorporated by reference in the Preliminary Offering Memorandum and the Offering Memorandum, when they were filed (or, if an amendment with respect to any such document was filed, when such amendment was filed) with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and any further documents so filed and incorporated by reference will, when they are filed with the Commission, conform in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder; none of such documents, when it was filed (or, if an amendment with respect to any such document was filed, when such amendment was filed), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and no such further document, when it is filed, will contain an untrue statement of a material fact or will omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

(c) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has all requisite authority to own or lease its properties and conduct its business as described in the Preliminary Offering Memorandum and the Offering Memorandum and to consummate the transactions contemplated hereby, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business as described in the Preliminary Offering Memorandum and the Offering Memorandum or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries (as defined in Rule 405 under the Act, and hereinafter called a "Subsidiary"), taken as a whole; each

Significant Subsidiary (as defined in Rule 405 under the Act, and hereinafter called a "Significant Subsidiary") of the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has all requisite authority to own or lease its properties and conduct its business as described in the Preliminary Offering Memorandum and the Offering Memorandum and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business as described in the Preliminary Offering Memorandum and the Offering Memorandum or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

(d) This Agreement has been duly authorized, executed and delivered by the Company.

(e) The Notes are in the form contemplated by the Indenture and have been duly authorized by the Company. At the Closing Date, the Series A Notes will have been duly executed and delivered by the Company and, the Series A Notes, when authenticated by the Trustee in the manner provided for in the Indenture and delivered against payment therefor as provided in this Agreement, will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity), and will be entitled to the security afforded by the Indenture equally and ratably with all securities outstanding thereunder. The Notes conform in all material respects to the descriptions thereof in the Preliminary Offering Memorandum and the Offering Memorandum.

(f) The Registration Rights Agreement has been duly authorized by the Company. At the Closing Date, the Registration Rights Agreement will have been duly executed and delivered by the Company and will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity) by, equitable principles of general applicability. The Registration Rights Agreement conforms in all material respects to the description thereof in the Preliminary Offering Memorandum and the Offering Memorandum.

(g) The Indenture has been duly authorized by the Company. At the Closing Date, the Indenture will have been duly executed and delivered by the Company and will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity); the Indenture conforms in all material respects to

the description thereof in the Preliminary Offering Memorandum and the Offering Memorandum; and the Indenture conforms to the requirements of the Trust Indenture Act of 1939, as amended (the "TIA").

(h) On and after the Closing Date, of the outstanding capital stock of each of Trunkline Gas Company, Pan Gas Storage Company and Trunkline LNG Company and each subsidiary of the Company organized in the United States (collectively, the "U.S. Subsidiaries") will be owned directly or indirectly by the Company, free and clear of any security interest, claim, lien, or other encumbrance or preemptive rights), and there are no outstanding rights (including, without limitation, preemptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in any of the U.S. Subsidiaries or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any such capital stock, any such convertible or exchangeable securities or any such rights, warrants or options.

(i) The Company and the Significant Subsidiaries have all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and have made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use their properties and assets and to conduct their businesses in the manner described in the Preliminary Offering Memorandum and the Offering Memorandum, except to the extent that the failure to obtain or file would not have a material adverse effect on either the Company or the Significant Subsidiaries.

(j) No order, license, consent, authorization or approval of, or exemption by, or the giving of notice to, or the registration with any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, and no filing, recording, publication or registration in any public office or any other place, was or is now required to be obtained by the Company to authorize its execution or delivery of, or the performance of its obligations under, this Agreement or any of the Operative Documents, except such as have been obtained or may be required under state securities or Blue Sky laws or as referred to in the Preliminary Offering Memorandum and the Offering Memorandum.

(k) None of the issuance and sale of the Notes, or the execution or delivery by the Company of, or the performance by the Company of its obligations under, this Agreement or the Operative Documents, did or will conflict with, result in a breach of any of the terms or provisions of, or constitute a default or require the consent of any party under the Company's Articles of Incorporation or by-laws, any material agreement or instrument to which the Company is a party, any existing applicable law, rule or regulation or any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its properties or assets, or, except as described in the Preliminary Offering Memorandum and the Offering Memorandum, did or will result in the creation or imposition of any lien on the Company's properties or assets.

(l) Except as disclosed in the Offering Memorandum, there is no action, suit, proceeding, inquiry or investigation (at law or in equity or otherwise) pending or, to the knowledge of the Company, threatened against either the Company or a Significant Subsidiary by any governmental authority that (i) questions the validity, enforceability or performance of this Agreement or any of the Operative Documents or (ii) if determined adversely, is likely to have a material adverse effect on the business or financial condition of the Company, or have a material adverse effect on the ability of the Company to perform its obligations hereunder or the ability of the Company to consummate the transactions contemplated by this Agreement.

(m) There has not been any material and adverse change in the business, properties or financial condition of the Company from that set forth or incorporated by reference in the Offering Memorandum (other than changes referred to in or contemplated by the Offering Memorandum).

(n) Except as set forth in the Offering Memorandum, no event or condition exists that constitutes, or with the giving of notice or lapse of time or both would constitute, a default or any breach or failure to perform by the Company or any of its Significant Subsidiaries in any material respect under any indenture, mortgage, loan agreement, lease or other material agreement or instrument to which the Company or any of its Significant Subsidiaries is a party or by which it or any of its Significant Subsidiaries or any of their properties may be bound.

(o) The Offering Memorandum, as of its date, contained all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Act.

(p) When the Series A Notes are issued and delivered pursuant to this Agreement, the Series A Notes will not be of the same class (within the meaning of Rule 144A under the Act) as any security of the Company that is listed on a national securities exchange registered under Section 6 of the Exchange Act or that is quoted in a United States automated inter-dealer quotation system.

(q) Neither the Company nor any Affiliate of the Company has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Act) which is or will be integrated with the sale of the Series A Notes in a manner that would require the registration under the Act of the Series A Notes or (ii) engaged in any form of general solicitation or general advertising in connection with the offering of the Series A Notes, (as those terms are used in Regulation D under the Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Act, including, but not limited to, publication or release of articles, notices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. No securities of the same class as the Series A Notes have been issued and sold by the Company within the six-month period immediately prior to the date hereof.

(r) Prior to the effectiveness of any Registration Statement, the Indenture is not required to be qualified under the TIA.

(s) None of the Company nor any of its affiliates or any person acting on its or its behalf (other than the Initial Purchaser, as to whom the Company makes no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S under the Act ("Regulation S") with respect to the Series A Notes.

(t) No registration under the Act of the Series A Notes is required for the sale of the Series A Notes to the Initial Purchaser as contemplated hereby or for the Exempt Resales assuming the accuracy of the Initial Purchaser' representations and warranties and agreements set forth in Section 7 hereof.

(u) Neither the Company nor any of its Subsidiaries, after giving effect to the offering and sale of the Series A Notes, will be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

The Company acknowledges that the Initial Purchaser and, for purposes of the opinions to be delivered to the Initial Purchaser pursuant to Section 10 hereof, counsel to the Company and counsel to the Initial Purchaser will rely upon the accuracy and truth of the foregoing representations and hereby consents to such reliance.

7. Initial Purchaser's Representations and Warranties: Upon the authorization by you of the release of the Series A Notes, the Initial Purchaser proposes to offer the Series A Notes for sale upon the terms and conditions set forth in this Agreement and the Offering Memorandum and the Initial Purchaser hereby represents and warrants to, and agrees with the Company that:

(a) It will offer and sell the Series A Notes only to Eligible Purchasers;

(b) It is an Institutional Accredited Investor; and

(c) It will not offer or sell the Series A Notes by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Act.

8. Indemnification:

(a) The Company agrees, to the extent permitted by law, to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls any such Initial Purchaser within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act or otherwise, and to reimburse the Initial Purchaser and such controlling person or persons, if any, for any legal or other expenses incurred by them in connection with defending any action, suit or proceeding (including governmental investigations) as provided in Section 8(c) hereof, insofar as such losses, claims, damages, liabilities or actions, suits or proceedings (including governmental investigations) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering

Memorandum, or, if the Offering Memorandum shall be amended or supplemented, in the Offering Memorandum as so amended or supplemented or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission which was made in the Offering Memorandum or in the Offering Memorandum as so amended or supplemented, in reliance upon and in conformity with information furnished in writing to the Company by, or on behalf of, the Initial Purchaser expressly for use therein and except that this indemnity shall not inure to the benefit of the Initial Purchaser (or any person controlling such Initial Purchaser) on account of any losses, claims, damages, liabilities or actions, suits or proceedings arising from the sale of the Series A Notes to any person if a copy of the Offering Memorandum, as the same may then be supplemented or amended (excluding, however, any document then incorporated or deemed incorporated therein by reference), was not sent or given by or on behalf of the Initial Purchaser to such person (i) with or prior to the written confirmation of sale involved or (ii) as soon as available after such written confirmation, relating to an event occurring prior to the payment for and delivery to such person of the Series A Notes involved in such sale, and the omission or alleged omission or untrue statement or alleged untrue statement was corrected in the Offering Memorandum as supplemented or amended at such time.

The Company's indemnity agreement contained in this Section 8(a), and the covenants, representations and warranties of the Company contained in this Agreement, shall remain in full force and effect regardless of any investigation made by or on behalf of any person, and shall survive the delivery of and payment for the Series A Notes hereunder, and the indemnity agreement contained in this Section 8 shall survive any termination of this Agreement. The liabilities of the Company in this Section 8(a) are in addition to any other liabilities of the Company under this Agreement or otherwise.

(b) The Initial Purchaser agrees, to the extent permitted by law, to indemnify, hold harmless and reimburse the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent and upon the same terms as the indemnity agreement of the Company set forth in Section 8(a) hereof, but only with respect to alleged untrue statements or omissions made in the Offering Memorandum or in the Offering Memorandum, as amended or supplemented, (if applicable) in reliance upon and in conformity with information furnished in writing to the Company by the Initial Purchaser expressly for use therein.

The indemnity agreement on the part of the Initial Purchaser contained in this Section 8(b) and the representations and warranties of the Initial Purchaser contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any other person, and shall survive the delivery of and payment for the Series A Notes hereunder, and the indemnity agreement contained in this Section 8(b) shall survive any termination of this Agreement. The liabilities of the Initial Purchaser in this Section 8(b) are in addition to any other liabilities of the Initial Purchaser under this Agreement or otherwise.

(c) If a claim is made or an action, suit or proceeding (including governmental investigations) is commenced or threatened against any person as to which indemnity may be sought under Section 8(a) or 8(b), such person (the "Indemnified Person") shall notify the person against whom such indemnity may be sought (the "Indemnifying Person") promptly after any assertion of such claim threatening to institute an action, suit or proceeding or if such an action, suit or proceeding is commenced against such Indemnified Person, promptly after such Indemnified Person shall have been served with a summons or other first legal process, giving information as to the nature and basis of the claim. Failure to so notify the Indemnifying Person shall not, however, relieve the Indemnifying Person from any liability which it may have on account of the indemnity under Section 8(a) or 8(b) if the Indemnifying Person has not been prejudiced in any material respect by such failure. Subject to the immediately succeeding sentence, the Indemnifying Person shall assume the defense of any such litigation or proceeding, including the employment of counsel and the payment of all expenses, with such counsel being designated, subject to the immediately succeeding sentence, in writing by the Initial Purchaser in the case of parties indemnified pursuant to Section 8(b) and by the Company in the case of parties indemnified pursuant to Section 8(a). Any Indemnified Person shall have the right to participate in such litigation or proceeding and to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include (x) the Indemnifying Person and (y) the Indemnified Person and, in the written opinion of counsel to such Indemnified Person, representation of both parties by the same counsel would be inappropriate due to actual or likely conflicts of interest between them, in either of which cases the reasonable fees and expenses of counsel (including disbursements) for such Indemnified Person shall be reimbursed by the Indemnifying Person to the Indemnified Person. If there is a conflict as described in clause (ii) above, and the Indemnified Persons have participated in the litigation or proceeding utilizing separate counsel whose fees and expenses have been reimbursed by the Indemnifying Person and the Indemnified Persons, or any of them, are found to be solely liable, such Indemnified Person shall repay to the Indemnifying Person such fees and expenses of such separate counsel as the Indemnifying Person shall have reimbursed. It is understood that the Indemnifying Person shall not, in connection with any litigation or proceeding or related litigation or proceedings in the same jurisdiction as to which the Indemnified Persons are entitled to such separate representation, be liable under this Agreement for the reasonable fees and out-of-pocket expenses of more than one separate firm (together with not more than one appropriate local counsel) for all such Indemnified Persons. Subject to the next paragraph, all such fees and expenses shall be reimbursed by payment to the Indemnified Persons of such reasonable fees and expenses of counsel promptly after payment thereof by the Indemnified Persons.

In furtherance of the requirement above that fees and expenses of any separate counsel for the Indemnified Persons shall be reasonable, the Initial Purchaser and the Company agree that the Indemnifying Person's obligations to pay such fees and expenses shall be conditioned upon the following:

(i) in case separate counsel is proposed to be retained by the Indemnified Persons pursuant to clause (ii) of the preceding paragraph, the Indemnified Persons shall in good faith fully consult with the Indemnifying Person in advance as to the selection of such counsel;

(ii) reimbursable fees and expenses of such separate counsel shall be detailed and supported in a manner reasonably acceptable to the Indemnifying Person (but nothing herein shall be deemed to require the furnishing to the Indemnifying Person of any information, including without limitation, computer print-outs of lawyers' daily time entries, to the extent that, in the judgment of such counsel, furnishing such information might reasonably be expected to result in a waiver of any attorney-client privilege); and

(iii) The Company and the Initial Purchaser shall cooperate in monitoring and controlling the fees and expenses of separate counsel for Indemnified Persons for which the Indemnifying Person is liable hereunder, and the Indemnified Person shall use every reasonable effort to cause such separate counsel to minimize the duplication of activities as between themselves and counsel to the Indemnifying Person.

The Indemnifying Person shall not be liable for any settlement of any litigation or proceeding effected without the written consent of the Indemnifying Person, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees, subject to the provisions of this Section 8, to indemnify the Indemnified Person from and against any loss, damage, liability or expenses by reason of such settlement or judgment. The Indemnifying Person shall not, without the prior written consent of the Indemnified Persons, effect any settlement of any pending or threatened litigation, proceeding or claim in respect of which indemnity has been properly sought by the Indemnified Persons hereunder, unless such settlement includes an unconditional release by the claimant of all Indemnified Persons from all liability with respect to claims which are the subject matter of such litigation, proceeding or claim.

(d) If the indemnification provided for in this Section 8 above is unavailable to or insufficient to hold harmless an Indemnified Person under this Section 8 in respect of any losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof) referred to therein, then each Indemnifying Person under this Section 8 above shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Person on the one hand and the Indemnified Person on the other from the offering of the Series A Notes. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Person shall contribute to such amount paid or payable by such Indemnified Person in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of each Indemnifying Person, if any, on the one hand and the Indemnified Person on the other in connection with the statements or omissions which resulted in

such losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Initial Purchaser on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the total discounts or commissions received by the Initial Purchaser, in each case as set forth in the Offering Memorandum, bear to the aggregate offering price of the Series A Notes. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Initial Purchaser on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Initial Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Initial Purchaser were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8(d). The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental proceedings) in respect thereof) referred to above in this Section 8(d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action, suits or proceedings (including governmental proceedings) or claim, provided that the provisions of this Section 8 above have been complied with (in all material respects) in respect of any separate counsel for such Indemnified Person. Notwithstanding the provisions of this Section 8(d), no Initial Purchaser shall be required to contribute any amount greater than the excess of (i) the total price at which the Series A Notes sold and distributed by it to the public were offered to the public over (ii) the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The agreement with respect to contribution contained in this Section 8(d) shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or the Initial Purchaser, and shall survive delivery of and payment for the Series A Notes hereunder and any termination of this Agreement.

9. The respective indemnities, agreements, representations, warranties and other statements of the Company and the Initial Purchaser, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Initial Purchaser or any controlling person of the Initial Purchaser, the Company, or any officer, director or controlling person of the Company, and shall survive delivery of and payment for the Notes.

10. Conditions of Initial Purchaser's Obligations: The several obligations of the Initial Purchaser shall be subject to the condition that all representations and warranties and

other statements of the Company herein are, at and as of the Closing Date, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) That all legal proceedings to be taken in connection with the issue and sale of the Series A Notes shall be reasonably satisfactory in form and substance to Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, counsel to the Initial Purchaser.

(b) That, at the Closing Date, the Initial Purchaser shall be furnished with the following opinions, dated the Closing Date:

(i) Opinion of Michael D. VanHemert, Esq., as special counsel to the Company, substantially to the effect set forth in Exhibit A to this Agreement; and

(ii) Opinion of Skadden, Arps, Slate, Meagher & Flom LLP, of New York, New York, counsel to the Initial Purchaser, substantially to the effect set forth in Exhibit B to this Agreement.

(c) That on the date of the Preliminary Offering Memorandum and on the Closing Date the Initial Purchaser shall have received a letter from each of Arthur Andersen LLP and Deloitte & Touche LLP in form and substance satisfactory to the Initial Purchaser, dated as of such respective dates, (i) confirming that they are independent public accountants within the meaning of the Act and the applicable rules and regulations adopted by the Commission thereunder, (ii) stating that in their opinion the financial statements examined by them and included or incorporated by reference in the Offering Memorandum complied as to form in all material respects with the applicable accounting requirements of the Commission, including the applicable rules and regulations adopted by the Commission, and (iii) covering, as of a date not more than three business days prior to the date of such letter, such other matters as the Initial Purchaser reasonably request.

(d) That, between the date of the execution of this Agreement and the Closing Date, no material and adverse change shall have occurred in the business, properties or financial condition of each of the Company and its Subsidiaries, taken as a whole, which, in the judgment of the Initial Purchaser, impairs the marketability of the Series A Notes (other than changes referred to in or contemplated by the Offering Memorandum).

(e) That, at the Closing Date, each of the Company and Panhandle shall have delivered to the Initial Purchaser a certificate of an executive officer of the Company to the effect that, to the best of his or her knowledge, information and belief, (i) there shall have been no material adverse change in the business, properties or financial condition of the Company from that set forth in the Offering Memorandum (other than changes referred to in or contemplated by the Offering Memorandum); (ii) the representations and warranties of the Company herein at and as of the Closing Date are true and correct; and (iii) the Company has complied with all

agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the Closing Date.

(f) That the Company shall have executed and delivered the Registration Rights Agreement.

(g) That the Company shall have performed such of its obligations under this Agreement as are to be performed at or before the Closing Date by the terms hereof.

(h) That the Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of Offering Memorandum on the Business Day next succeeding the date of this Agreement;

(i) That any additional documents or agreements reasonably requested by the Initial Purchaser or its counsel to permit the Initial Purchaser to perform its obligations or permit its counsel to deliver opinions hereunder shall have been provided to it.

(j) That between the date of the execution of this Agreement and the Closing Date there has been no downgrading of the investment ratings of any of the Company's securities by Standard & Poor's Ratings Group, Moody's Investors Service, Inc. or Duff & Phelps Credit Rating Co., and the Company shall not have been placed on "credit watch" or "credit review" with negative implications by any of such statistical rating organizations if any of such occurrences shall, in the judgment of the Initial Purchaser, after reasonable inquiries on the part of the Initial Purchaser, impair the marketability of the Series A Notes.

11. Effectiveness and Termination of Agreement; Initial Purchaser Default:

(a) This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto.

(b) This Agreement may be terminated at any time prior to the Closing Date by the Initial Purchaser if, prior to such time, any of the following events shall have occurred: (i) a suspension or material limitation in trading in securities generally on the New York Stock Ex change; (ii) a suspension or material limitation in trading in Panhandle's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this Clause (iv) in the judgment of the Initial Purchaser makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Series A Notes on the terms and in the manner contemplated in the Offering Memorandum.

If the Initial Purchaser elects to terminate this Agreement, as provided in this Section 11, it will promptly notify the Company by telephone or telecopy, confirmed by letter. If this Agreement shall not be carried out by the Initial Purchaser for any reason permitted

hereunder, or if the sale of the Securities to the Initial Purchaser as herein contemplated shall not be carried out because either the Company is not able to comply with the terms hereof, the Company shall not be under any obligation under this Agreement and shall not be liable to the Initial Purchaser for the loss of anticipated profits from the transactions contemplated by this Agreement and the Initial Purchaser shall be under no liability to the Company.

(d) Notwithstanding the foregoing, the provisions of Sections 5(e), 5(i), 8 and 9 shall survive any termination of this Agreement.

12. Miscellaneous: Notices given pursuant to any provision of this Agreement shall be addressed as follows: (i) if to the Company, to c/o Panhandle Eastern Pipe Line Company, 5444 Westheimer Court, Houston, Texas 77056, Attention: Corporate Secretary, and (ii) if to the Initial Purchaser, to Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attn: Mike Ranger (212) 892-7272, or in any case to such other address as the person to be notified may have requested in writing.

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, the Initial Purchaser, the Initial Purchaser's directors and officers, any controlling persons referred to herein, and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Series A Notes from an Initial Purchaser merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Please confirm that the foregoing correctly sets forth the agreement between the Company and the Initial Purchaser.

Very truly yours,

PANHANDLE EASTERN PIPE LINE COMPANY

By: /s/ Alan M. Wright

Name: Alan M. Wright
Title: Senior Vice President, Chief Financial Officer, and Treasurer

Accepted: March 22, 2000

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: /s/ Gavin H. Wolfe

Name: Gavin H. Wolfe
Title: Senior Vice President

EXHIBIT 12

CMS PANHANDLE EASTERN PIPE LINE COMPANIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLARS IN MILLIONS)

	Three months ended March 31, 2000	Year Ended December 31,				
	2000	1999	1998	1997	1996	1995
Earnings Before Income Taxes	$ 52	$ 121	$ 148	$ 129	$ 136	$ 160
Fixed Charges	21	82	86	80	72	42
Total	$ 73	$ 203	$ 234	$ 209	$ 208	$ 202
Fixed Charges						
Interest on debt	$ 20	$ 78	$ 82	$ 76	$ 63	$ 37
Interest component of rentals	1	4	4	4	9	5
Fixed Charges	$ 21	$ 82	$ 86	$ 80	$ 72	$ 42
Ratio of Earnings to Fixed Charges	3.5	2.5	2.7	2.6	2.9	4.8

EXHIBIT 15

[AALLP LETTERHEAD]

June 21, 2000

Panhandle Eastern Pipe Line Company:

We are aware that Panhandle Eastern Pipe Line Company has incorporated by reference in its Registration Statement on Form S-4 its Form 10-Q for the quarter ended March 31, 2000, which includes our report dated May 10, 2000 covering the unaudited interim consolidated financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, that report is not considered a part of the registration statement prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

Arthur Andersen LLP

EXHIBIT 23C

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our report dated February 25, 2000 included in the company's Form 10-K for the year ended December 31, 1999 and included in the company's Current Report on Form 8-K dated March 16, 2000 and to all references to our firm included in this Registration Statement.

Arthur Andersen LLP

Houston, Texas
June 21, 2000

EXHIBIT 23(d)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Panhandle Eastern Pipe Line Company (the "Company") on Form S-4 of our report on the Company's financial statements as of and for the years ended December 31, 1998 and 1997 dated February 12, 1999, appearing in the Annual Report on Form 10-K of Panhandle Eastern Pipe Line Company for the year ended December 31, 1999 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

DELOITTE & TOUCHE LLP

Houston, Texas
June 21, 2000

EXHIBIT 25

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY
OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION
(EXACT NAME OF TRUSTEE AS SPECIFIED IN ITS CHARTER)

A NATIONAL BANKING ASSOCIATION	31-0838515 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
100 EAST BROAD STREET, COLUMBUS, OHIO (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	43271-0181 (ZIP CODE)

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION
100 EAST BROAD STREET
COLUMBUS, OHIO 43271-0181
ATTN: JOHN R. PRENDIVILLE, SENIOR COUNSEL, (312) 661-5223
(NAME, ADDRESS AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

PANHANDLE EASTERN PIPE LINE COMPANY
(EXACT NAME OF OBLIGOR AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	44-0382470 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
5444 WESTHEIMER ROAD HOUSTON, TEXAS (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	77056-5306 (ZIP CODE)

SENIOR DEBT SECURITIES
(TITLE OF INDENTURE SECURITIES)

ITEM 1. GENERAL INFORMATION. FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Comptroller of Currency, Washington, D.C.; Federal Deposit Insurance Corporation, Washington, D.C.; The Board of Governors of the Federal Reserve System, Washington D.C.

(B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR. IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

No such affiliation exists with the trustee.

ITEM 16. LIST OF EXHIBITS. LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the articles of association of the trustee now in effect.

2. A copy of the certificate of authority of the trustee to commence business.

3. A copy of the authorization of the trustee to exercise corporate trust powers.

4. A copy of the existing by-laws of the trustee.

5. Not Applicable.

6. The consent of the trustee required by Section 321(b) of the Act.

7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

8. Not Applicable.

9. Not Applicable.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Bank One Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago and State of Illinois, on the 6th day of April, 2000.

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION,
TRUSTEE

BY /S/ JOHN R. PRENDIVILLE

JOHN R. PRENDIVILLE
VICE PRESIDENT

EXHIBIT 1

A COPY OF THE ARTICLES OF ASSOCIATION OF THE
TRUSTEE NOW IN EFFECT

AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION

FIRST. The title of this Association shall be BANK ONE TRUST COMPANY, National Association.

SECOND. The main office of the Association shall be in the City of Columbus, County of Franklin, State of Ohio.

The business of the Association will be limited to the fiduciary powers and the support of activities incidental to the exercise of those powers. The Association will not expand or alter its business beyond that stated in this article without the prior approval of the Comptroller of the Currency.

THIRD. The Board of Directors of this Association shall consist of not less than five nor more than twenty-five persons, the exact number to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of a majority of the shareholders at any annual or special meeting thereof. Each director shall own common or preferred stock of the Association, or of a holding company owning the Association, with an aggregate par, fair market or equity value of not less than $1,000, as of either (i) the date of purchase, (ii) the date the person became a director, or (iii) the date of that person's most recent election to the Board of Directors, whichever is more recent. Any combination of common or preferred stock of the Association or holding company may be used.

Any vacancy in the Board of Directors may be filled by action of a majority of the remaining directors between meetings of shareholders. The Board of Directors may not increase the number of directors between meetings of shareholders to a number which: (1) exceeds by more than two the number of directors last elected by shareholders where the number was 15 or less; or (2) exceeds by more than four the number of directors last elected by shareholders where the number was 16 or more, but in no event shall the number of directors exceed 25.

Terms of directors, including directors selected to fill vacancies, shall expire at the next regular meeting of shareholders at which directors are elected, unless the directors resign or are removed from office.

Despite the expiration of a director's term, the director shall continue to serve until his or her successor is elected and qualifies or until there is a decrease in the number of directors and his or her position is eliminated.

Honorary or advisory members of the Board of Directors, without voting power or power of final decision in matters concerning the business of the Association, may be appointed by resolution of a majority of the full Board of Directors, or by resolution of shareholders at any annual or special meeting. Honorary or advisory directors shall not be counted to determine the number of

directors of the Association or the presence of a quorum in connection with any board action, and shall not be required to own qualifying shares.

FOURTH. There shall be an annual meeting of the shareholders to elect directors and transact whatever other business may be brought before the meeting. It shall be held at the main office or any other convenient place the Board of Directors may designate, on the day of each year specified therefor in the Bylaws or, if that day falls on a legal holiday in the state in which the Association is located, on the next following banking day. If no election is held on the day fixed or in the event of a legal holiday on the following banking day, an election may be held on any subsequent day within 60 days of the day fixed, to be designated by the Board of Directors or, if the directors fail to fix the day, by shareholders representing two-thirds of the shares issued and outstanding. In all cases at least 10 days advance notice of the meeting shall be given to the shareholders by first class mail.

In all elections of directors, the number of votes each common shareholder may cast will be determined by multiplying the number of shares such shareholder owns by the number of directors to be elected. Those votes may be cumulated and cast for a single candidate or may be distributed among two or more candidates in the manner selected by the shareholder. On all other questions, each common shareholder shall be entitled to one vote for each share of stock held by such shareholder. If the issuance of preferred stock with voting rights has been authorized by a vote of shareholders owning a majority of the common stock of the association, preferred shareholders will have cumulative voting rights and will be included within the same class as common shareholders, for purposes of elections of directors.

A director may resign at any time by delivering written notice to the Board of Directors, its chairperson, or to the Association, which resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

A director may be removed by shareholders at a meeting called to remove him or her, when notice of the meeting stating that the purpose or one of the purposes is to remove him or her is provided, if there is a failure to fulfill one of the affirmative requirements for qualification, or for cause, provided, however, that a director may not be removed if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal.

FIFTH. The authorized amount of capital stock of this Association shall be eighty thousand shares of common stock of the par value of ten dollars ($10.00) each; but said capital stock may be increased or decreased from time to time, according to the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of the Association shall have any preemptive or preferential right of subscription to any shares of any class of stock of the Association, whether now or hereafter authorized, or to any obligations convertible into stock of the Association, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix.

Unless otherwise specified in the Articles of Association or required by law, (1) all matters requiring shareholder action, including amendments to the Articles of Association, must be approved by shareholders owning a majority voting interest in the outstanding voting stock, and (2) each shareholder shall be entitled to one vote per share.

Unless otherwise specified in the Articles of Association or required by law, all shares of voting stock shall be voted together as a class on any matters requiring shareholder approval. If a proposed amendment would affect two or more classes or series in the same or a substantially similar way, all the classes or series so affected must vote together as a single voting group on the proposed amendment.

Shares of the same class or series may be issued as a dividend on a pro rata basis and without consideration. Shares of another class or series may be issued as share dividends in respect of a class or series of stock if approved by a majority of the votes entitled to be cast by the class or series to be issued unless there are no outstanding shares of the class or series to be issued. Unless otherwise provided by the Board of Directors, the record date for determining shareholders entitled to a share dividend shall be the date the Board of Directors authorizes the share dividend.

Unless otherwise provided in the Bylaws, the record date for determining shareholders entitled to notice of and to vote at any meeting is the close of business on the day before the first notice is mailed or otherwise sent to the shareholders, provided that in no event may a record date be more than 70 days before the meeting.

If a shareholder is entitled to fractional shares pursuant to preemptive rights, a stock dividend, consolidation or merger, reverse stock split or otherwise, the Association may: (a) issue fractional shares or; (b) in lieu of the issuance of fractional shares, issue script or warrants entitling the holder to receive a full share upon surrendering enough script or warrants to equal a full share; (c) if there is an established and active market in the Association's stock, make reasonable arrangements to provide the shareholder with an opportunity to realize a fair price through sale of the fraction, or purchase of the additional fraction required for a full share; (d) remit the cash equivalent of the fraction to the shareholder; or (e) sell full shares representing all the fractions at public auction or to the highest bidder after having solicited and received sealed bids from at least three licensed stock brokers, and distribute the proceeds pro rata to shareholders who otherwise would be entitled to the fractional shares. The holder of a fractional share is entitled to exercise the rights for shareholder, including the right to vote, to receive dividends, and to participate in the assets of the Association upon liquidation, in proportion to the fractional interest. The holder of script or warrants is not entitled to any of these rights unless the script or warrants explicitly provide for such rights. The script or warrants may be subject to such additional conditions as: (1) that the script or warrants will become void if not exchanged for full shares before a specified date; and (2) that the shares for which the script or warrants are exchangeable may be sold at the option of the Association and the proceeds paid to scriptholders.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders. Obligations classified as debt, whether or not subordinated, which may be issued by the Association without the approval of shareholders, do not carry voting rights on any issue, including an increase or decrease in the aggregate number of the securities, or the exchange or reclassification of all or part of securities into securities of another class or series.

SIXTH. The Board of Directors shall appoint one of its members president of this Association, and one of its members chairperson of the board and shall have the power to appoint one or more vice presidents, a secretary who shall keep minutes of the directors' and shareholders' meetings and be responsible for authenticating the records of the Association, and such other officers and employees as may be required to transact the business of this Association. A duly appointed

officer may appoint one or more officers or assistant officers if authorized by the Board of Directors in accordance with the Bylaws.

The Board of Directors shall have the power to:

(1) Define the duties of the officers, employees, and agents of the Association.

(2) Delegate the performance of its duties, but not the responsibility for its duties, to the officers, employees, and agents of the Association.

(3) Fix the compensation and enter into employment contracts with its officers and employees upon reasonable terms and conditions consistent with applicable law.

(4) Dismiss officers and employees.

(5) Require bonds from officers and employees and to fix the penalty thereof.

(6) Ratify written policies authorized by the Association's management or committees of the board.

(7) Regulate the manner in which any increase or decrease of the capital of the Association shall be made, provided that nothing herein shall restrict the power of shareholders to increase or decrease the capital of the association in accordance with law, and nothing shall raise or lower from two-thirds the percentage for shareholder approval to increase or reduce the capital.

(8) Manage and administer the business and affairs of the Association.

(9) Adopt initial Bylaws, not inconsistent with law or the Articles of Association, for managing the business and regulating the affairs of the Association.

(10) Amend or repeal Bylaws, except to the extent that the Articles of Association reserve this power in whole or in part to shareholders.

(11) Make contracts.

(12) Generally perform all acts that are legal for a Board of Directors to perform.

SEVENTH. The Board of Directors shall have the power to change the location of the main office of this Association to any other place within the limits of the City of Columbus, State of Ohio, without the approval of the shareholders; and shall have the power to change the location of the main office of this Association to any other place outside the limits of the City of Columbus, State of Ohio, but not more than thirty miles beyond such limits, with the affirmative vote of shareholders owning two-thirds of the stock of the Association, subject to receipt of a certificate of approval from the Comptroller of the Currency. The Board of Directors shall have the power to establish or change the location of any branch or branches of the Association to any other location permitted under applicable law without the approval of the shareholders, subject to approval by the Office of the Comptroller of the Currency. The Board of Directors shall have the power to establish or change the location of any nonbranch office or facility of the Association without the approval of the shareholders.

EIGHTH. The corporate existence of this Association shall continue until termination according to the laws of the United States.

NINTH. The Board of Directors of this Association, or any shareholders owning, in the aggregate, not less than 20 percent of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the Bylaws or the laws of the United States, or waived by shareholders, a notice of the time, place, and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least 10, and no more than 60, days prior to the date of the meeting to each shareholder of record at his/her address as shown upon the books of this Association. Unless otherwise provided by the Bylaws, any action requiring approval of shareholders must be effected at a duly called annual or special meeting.

TENTH. The Association shall provide indemnification as set forth below:

Every person who is or was a Director, officer or employee of the Association or of any other corporation which he served as a Director, officer or employee at the request of the Association as part of his regularly assigned duties may be indemnified by the Association in accordance with the provisions of this Article against all liability (including, without limitation, judgments, fines, penalties, and settlements) and all reasonable expenses (including, without limitation, attorneys' fees and investigative expenses) that may be incurred or paid by him in connection with any claim, action, suit or proceeding, whether civil, criminal or administrative (all referred to hereafter in this Article as "Claims") or in connection with any appeal relating thereto in which he may become involved as a party or otherwise or with which he may be threatened by reason of his being or having been a Director, officer or employee of the Association or such other corporation, or by reason of any action taken or omitted by him in his capacity as such Director, officer or employee, whether or not he continues to be such at the time such liability or expenses are incurred; provided that nothing contained in this Article shall be construed to permit indemnification of any such person who is adjudged guilty of, or liable for, willful misconduct, gross neglect of duty or criminal acts, unless, at the time such indemnification is sought, such indemnification in such instance is permissible under applicable law and regulations, including published rulings of the Comptroller of the Currency or other appropriate supervisory or regulatory authority; and provided further that there shall be no indemnification of Directors, officers, or employees against expenses, penalties, or other payments incurred in an administrative proceeding or action instituted by an appropriate regulatory agency which proceeding or action results in a final order assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to the Association.

Every person who may be indemnified under the provisions of this Article and who has been wholly successful on the merits with respect to any Claim shall be entitled to indemnification as of right. Except as provided in the preceding sentence, any indemnification under this Article shall be at the sole discretion of the Board of Directors and shall be made only if the Board of Directors or the Executive Committee acting by a quorum consisting of Directors who are not parties to such Claim shall find or if independent legal counsel (who may be the regular counsel of the Association) selected by the Board of Directors or Executive Committee whether or not a disinterested quorum exists shall render their opinion that in view of all of the circumstances then surrounding the Claim, such indemnification is equitable and in the best interests of the Association. Among the circumstances to be taken into consideration in arriving at such a finding or opinion is the existence or non-existence of a contract of insurance or indemnity under which the Association would be wholly or partially reimbursed for such indemnification, but the

existence or non-existence of such insurance is not the sole circumstance to be considered nor shall it be wholly determinative of whether such indemnification shall be made. In addition to such finding or opinion, no indemnification under this Article shall be made unless the Board of Directors or the Executive Committee acting by a quorum consisting of Directors who are not parties to such Claim shall find or if independent legal counsel (who may be the regular counsel of the Association) selected by the Board of Directors or Executive Committee whether or not a disinterested quorum exists shall render their opinion that the Directors, officer or employee acted in good faith in what he reasonably believed to be the best interests of the Association or such other corporation and further in the case of any criminal action or proceeding, that the Director, officer or employee reasonably believed his conduct to be lawful. Determination of any Claim by judgment adverse to a Director, officer or employee by settlement with or without Court approval or conviction upon a plea of guilty or of nolo contendere or its equivalent shall not create a presumption that a Director, officer or employee failed to meet the standards of conduct set forth in this Article. Expenses incurred with respect to any Claim may be advanced by the Association prior to the final disposition thereof upon receipt of an undertaking satisfactory to the Association by or on behalf of the recipient to repay such amount unless it is ultimately determined that he is entitled to indemnification under this Article.

The rights of indemnification provided in this Article shall be in addition to any rights to which any Director, officer or employee may otherwise be entitled by contract or as a matter of law. Every person who shall act as a Director, officer or employee of this Association shall be conclusively presumed to be doing so in reliance upon the right of indemnification provided for in this Article.

ELEVENTH. These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount. The Association's Board of Directors may propose one or more amendments to the Articles of Association for submission to the shareholders.

EXHIBIT 2

A COPY OF THE CERTIFICATE OF AUTHORITY OF THE
TRUSTEE TO COMMENCE BUSINESS

CERTIFICATE

I, John D. Hawke, Jr., Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering of all National Banking Associations.

2. "Bank One Trust Company, National Association," Columbus, Ohio, (Charter No. 16235) is a National Banking Association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the Treasury Department in the City of Washington and District of Columbia, this 15th day of September, 1999.

/s/ John D. Hawke, Jr.

Comptroller of the Currency

EXHIBIT 3

A COPY OF THE AUTHORIZATION OF THE TRUSTEE
TO EXERCISE CORPORATE TRUST POWERS

CERTIFICATE

I, John D. Hawke, Jr., Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering of all National Banking Associations.

2. "Bank One Trust Company, National Association," Columbus, Ohio, (Charter No. 16235) was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 U.S.C. 92a, and that the authority so granted remains in full force and effect on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the Treasury Department in the City of Washington and District of Columbia, this 15th day of September, 1999.

/s/ John D. Hawke, Jr.

Comptroller of the Currency

EXHIBIT 4

A COPY OF THE EXISTING BY-LAWS OF THE TRUSTEE

BANK ONE TRUST COMPANY, National Association
BY-LAWS

ARTICLE I
MEETINGS OF SHAREHOLDERS

SECTION 1.01. ANNUAL MEETING. The regular annual meeting of the shareholders of the Bank for the election of Directors and for the transaction of such business as may properly come before the meeting shall be held at its main office, or other convenient place duly authorized by the Board of Directors, on the same day upon which any regular or special Board meeting is held from and including the first Monday of January to, and including, the fourth Monday of February of each year, or on the next succeeding banking day, if the day fixed falls on a legal holiday. If from any cause, an election of Directors is not made on the day fixed for the regular meeting of the shareholders or, in the event of a legal holiday, on the next succeeding banking day, the Board of Directors shall order the election to be held on some subsequent day, as soon thereafter as practicable, according to the provisions of law; and notice thereof shall be given in the manner herein provided for the annual meeting. Notice of such annual meeting shall be given by or under the direction of the Secretary, or such other officer as may be designated by the Chief Executive Officer, by first-class mail, postage prepaid, to all shareholders of record of the Bank at their respective addresses as shown upon the books of the Bank mailed not less than ten days prior to the date fixed for such meeting.

SECTION 1.02. SPECIAL MEETINGS. A special meeting of the shareholders of the Bank may be called at any time by the Board of Directors or by any three or more shareholders owning, in the aggregate, not less than ten percent of the stock of the Bank. Notice of any special meeting of the shareholders called by the Board of Directors, stating the time, place and purpose of the meeting, shall be given by or under the direction of the Secretary, or such other officer as is designated by the Chief Executive Officer, by first-class mail, postage prepaid, to all shareholders of record of the Bank at their respective addresses as shown upon the books of the Bank mailed not less than ten days prior to the date fixed for such meeting. Any special meeting of shareholders shall be conducted and its proceedings recorded in the manner prescribed in these By-Laws for annual meetings of shareholders.

SECTION 1.03. SECRETARY OF MEETING OF SHAREHOLDERS. The Board of Directors may designate a person to be the secretary of the meeting of shareholders. In the absence of a presiding officer, as designated by these By-Laws, the Board of Directors may designate a person to act as the presiding officer. In the event the Board of Directors fails to designate a person to preside at a meeting of shareholders and a secretary of such meeting, the shareholders present or represented shall elect a person to preside and a person to serve as secretary of the meeting. The secretary of the meeting of shareholders shall cause the returns made by the judges of election and other proceedings to be recorded in the minute books of the Bank. The presiding officer shall notify the Directors-elect of their election and to meet forthwith for the organization of the new Board of Directors. The minutes of the meeting shall be signed by the presiding officer and the secretary designated for the meeting.

SECTION 1.04. JUDGES OF ELECTION. The Board of Directors may appoint as many as three shareholders to be judges of the election, who shall hold and conduct the same, and who shall, after the election has been held, notify, in writing over their signatures, the secretary of the meeting of shareholders of the result thereof and the names of the Directors elected; provided, however, that upon failure for any reason of any judge or judges of election, so appointed by the Directors, to serve, the presiding officer of the meeting shall appoint other shareholders or their

proxies to fill the vacancies. The judges of election, at the request of the chairman of the meeting, shall act as tellers of any other vote by ballot taken at such meeting, and shall notify, in writing over their signature, the secretary of the Board of Directors of the result thereof.

SECTION 1.05. PROXIES. In all elections of Directors, each shareholder of record, who is qualified to vote under the provisions of Federal Law, shall have the right to vote the number of shares of record in such shareholder's name for as many persons as there are Directors to be elected, or to cumulate such shares as provided by Federal Law. In deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock of record in such shareholder's name. Shareholders may vote by proxy duly authorized in writing. All proxies used at the annual meeting shall be secured for that meeting only, or any adjournment thereof, and shall be dated, if not dated by the shareholder, as of the date of the receipt thereof. No officer or employee of this Bank may act as proxy.

SECTION 1.06. QUORUM. Holders of record of a majority of the shares of the capital stock of the Bank, eligible to be voted, present either in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of shareholders, but shareholders present at any meeting and constituting less than a quorum may, without further notice, adjourn the meeting from time to time until a quorum is obtained. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting, unless otherwise provided by law or by the Articles of Association.

ARTICLE II
DIRECTORS

SECTION 2.01. QUALIFICATIONS. Each Director shall have the qualifications prescribed by law. No person elected as a Director may exercise any of the powers of office until such Director has taken the oath of such office.

SECTION 2.02. VACANCIES. Directors of the Bank shall hold office for one year or until their successors are elected and qualified. Any vacancy in the Board shall be filled by appointment of the remaining Directors, and any Director so appointed shall hold office until the next election.

SECTION 2.03. ORGANIZATION MEETING. The Directors elected by the shareholders shall meet for organization of the new Board of Directors at the time and place fixed by the presiding officer of the annual meeting. If at the time fixed for such meeting there is no quorum present, the Directors in attendance may adjourn from time to time until a quorum is obtained. A majority of the number of Directors elected by the shareholders shall constitute a quorum for the transaction of business.

SECTION 2.04. REGULAR MEETINGS. The regular meetings of the Board of Directors shall be held at such date, time and place as the Board may previously designate, or should the Board fail to so designate, at such date, time and place as the Chairman of the Board, Chief Executive Officer, or President may fix. Whenever a quorum is not present, the Directors in attendance shall adjourn the meeting to a time not later than the date fixed by the By-Laws for the next

succeeding regular meeting of the Board. Members of the Board of Directors may participate in such meetings through use of conference telephone or similar communications equipment, so long as all members participating in such meetings can hear one another.

SECTION 2.05. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held at the call of the Chairman of the Board, Chief Executive Officer, or President, or at the request of two or more Directors. Any special meeting may be held at such place and at such time as may be fixed in the call. Written or oral notice shall be given to each Director not later than the day next preceding the day on which the special meeting is to be held, which notice may be waived in writing. The presence of a Director at any meeting of the Board of Directors shall be deemed a waiver of notice thereof by such Director. Whenever a quorum is not present, the Directors in attendance shall adjourn the special meeting from day to day until a quorum is obtained. Members of the Board of Directors may participate in such meetings through use of conference telephone or similar communications equipment, so long as all members participating in such meetings can hear one another.

SECTION 2.06. QUORUM. A majority of the Directors shall constitute a quorum at any meeting, except when otherwise provided by law; but a lesser number may adjourn any meeting, from time-to-time, and the meeting may be held, as adjourned, without further notice. When, however, less than a quorum as herein defined, but at least one-third and not less than two of the authorized number of Directors are present at a meeting of the Directors, business of the Bank may be transacted and matters before the Board approved or disapproved by the unanimous vote of the Directors present.

SECTION 2.07. COMPENSATION. Each member of the Board of Directors shall receive such fees for attendance at Board and Board committee meetings and such fees for service as a Director, irrespective of meeting attendance, as from time to time are fixed by resolution of the Board; provided, however, that payment hereunder shall not be made to a Director for meetings attended and/or Board service which are not for the Bank's sole benefit and which are concurrent and duplicative with meetings attended or Board service for an affiliate of the Bank for which the Director receives payment; and provided further that fees hereunder shall not be paid in the case of any Director in the regular employment of the Bank or of one of its affiliates. Each member of the Board of Directors, whether or not such Director is in the regular employment of the Bank or of one of its affiliates, shall be reimbursed for travel expenses incident to attendance at Board and Board committee meetings.

SECTION 2.08. EXECUTIVE COMMITTEE. There may be a standing committee of the Board of Directors known as the Executive Committee which shall possess and exercise, when the Board is not in session, all the powers of the Board that may lawfully be delegated. The Executive Committee shall consist of at least three Board members, one of whom shall be the Chairman of the Board, Chief Executive Officer or the President. The other members of the Executive Committee shall be appointed by the Chairman of the Board, the Chief Executive Officer, or the President, with the approval of the Board, and who shall continue as members of the Executive Committee until their successors are appointed, provided, however, that any member of the Executive Committee may be removed by the Board upon a majority vote thereof at any regular or special meeting of the Board. The Chairman, Chief Executive Officer, or President shall fill any vacancy in the Executive Committee by the appointment of another

Director, subject to the approval of the Board of Directors. The Executive Committee shall meet at the call of the Chairman, Chief Executive Officer, or President or any two members thereof at such time or times and place as may be designated. In the event of the absence of any member or members of the Executive Committee, the presiding member may appoint a member or members of the Board to fill the place or places of such absent member or members to serve during such absence. Two members of the Executive Committee shall constitute a quorum. When neither the Chairman of the Board, the Chief Executive Officer, nor President are present, the Executive Committee shall appoint a presiding officer. The Executive Committee shall report its proceedings and the action taken by it to the Board of Directors.

SECTION 2.09. OTHER COMMITTEES. The Board of Directors may appoint such special committees from time to time as are in its judgment necessary in the interest of the Bank.

ARTICLE III
OFFICERS, MANAGEMENT STAFF AND EMPLOYEES

SECTION 3.01. OFFICERS AND MANAGEMENT STAFF.
(a) The executive officers of the Bank shall include a Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Secretary, Security Officer, and may include one or more Senior Managing Directors or Managing Directors. The Chairman of the Board, Chief Executive Officer, President, any Senior Managing Director, any Managing Director, Chief Financial Officer, Secretary, and Security Officer shall be elected by the Board. The Chairman of the Board, Chief Executive Officer, and the President shall be elected by the Board from their own number. Such officers as the Board shall elect from their own number shall hold office from the date of their election as officers until the organization meeting of the Board of Directors following the next annual meeting of shareholders, provided, however, that such officers may be relieved of their duties at any time by action of the Board of Directors, in which event all the powers incident to their office shall immediately terminate. The Chairman of the Board, Chief Executive Officer, or the President shall preside at all meetings of shareholders and meetings of the Board of Directors.

(b) The management staff of the Bank shall include officers elected by the Board, officers appointed by the Chairman of the Board, the Chief Executive Officer, the President, any Senior Managing Director, any Managing Director, the Chief Financial Officer, and such other persons in the employment of the Bank who, pursuant to authorization by a duly authorized officer of the Bank, perform management functions and have management responsibilities. Any two or more offices may be held by the same person except that no person shall hold the office of Chairman of the Board, Chief Executive Officer and/or President and at the same time also hold the office of Secretary.

(c) Except as provided in the case of the elected officers who are members of the Board, all officers and employees, whether elected or appointed, shall hold office at the pleasure of the Board. Except as otherwise limited by law or these By-Laws, the Board assigns to the Chairman of the Board, the Chief Executive Officer, the President, any Senior Managing Director, any Managing Director, the Chief Financial Officer, and/or each of their respective designees the authority to control all personnel, including elected and appointed officers and employees of the

Bank, to employ or direct the employment of such officers and employees as he or she may deem necessary, including the fixing of salaries and the dismissal of such officers and employees at pleasure, and to define and prescribe the duties and responsibilities of all officers and employees of the Bank, subject to such further limitations and directions as he or she may from time to time deem appropriate.

(d) The Chairman of the Board, the Chief Executive Officer, the President, any Senior Managing Director, any Managing Director, the Chief Financial Officer, and any other officer of the Bank, to the extent that such officer is authorized in writing by the Chairman of the Board, the Chief Executive Officer, the President, any Senior Managing Director, any Managing Director, or the Chief Financial Officer may appoint persons other than officers who are in employment of the Bank to serve in management positions and in connection therewith, the appointing officer may assign such title, salary, responsibilities and functions as are deemed appropriate, provided, however, that nothing contained herein shall be construed as placing any limitation on the authority of the Chairman of the Board, the Chief Executive Officer, the President, any Senior Managing Director, any Managing Director, or the Chief Financial Officer as provided in this and other sections of these By-Laws.

(e) The Senior Managing Directors and the Managing Directors of the Bank shall have general and active authority over the management of the business of the Bank, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall do or cause to be done all things necessary or proper to carry on the business of the Bank in accordance with provisions of applicable law and regulations. Each Senior Managing Director and Managing Director shall perform all duties incident to his or her office and such other and further duties, as may from time to time be required by the Chief Executive Officer, the President, the Board of Directors, or the shareholders. The specification of authority in these By-Laws wherever and to whomever granted shall not be construed to limit in any manner the general powers of delegation granted to a Senior Managing Director or a Managing Director in conducting the business of the Bank. In the absence of a Senior Managing Director or a Managing Director, such officer as is designated by the Senior Managing Director or the Managing Director shall be vested with all the powers and perform all the duties of the Senior Managing Director or the Managing Director as defined by these By-Laws.

(f) Each Managing Director who is assigned oversight of one or more trust service offices shall appoint a management committee known as the Investment Management and Trust Committee consisting of the Managing Director of the trust service offices and at least three other members who shall be capable and experienced officers of the Bank appointed from time to time by the Managing Director and who shall continue as members of the Investment Management and Trust Committee until their successors are appointed, provided, however, that any member of the Investment Management and Trust Committee may be removed by the Managing Director as provided in this and other sections of these By-Laws. The Managing Director shall fill any vacancy in the Investment Management and Trust Committee by the appointment of another capable and experienced officer of the Bank. Each Investment Management and Trust Committee shall meet at such date, time and place as the Managing Director shall fix. In the event of the absence of any member or members of the Investment Management and Trust Committee, the Managing Director may, in his or her discretion, appoint another officer of the Bank to fill the place or places of such absent member or members to serve during such absence.

A majority of each Investment Management and Trust Committee shall constitute a quorum. Each Investment Management and Trust Committee shall carry out the policies of the Bank, as adopted by the Board of Directors, which shall be formulated and executed in accordance with State and Federal Law, Regulations of the Comptroller of the Currency, and sound fiduciary principles. In carrying out the policies of the Bank, each Investment Management and Trust Committee is hereby authorized to establish management teams whose duties and responsibilities shall be specifically set forth in the policies of the Bank. Each such management team shall report such proceedings and the actions taken thereby to the Investment Management and Trust Committee. Each Managing Director shall then report such proceedings and the actions taken thereby to the Board of Directors.

SECTION 3.02. POWERS AND DUTIES OF MANAGEMENT STAFF. Pursuant to the fiduciary powers granted to this Bank under the provisions of Federal Law and Regulations of the Comptroller of the Currency, the Chairman of the Board, the Chief Executive Officer, the President, the Senior Managing Directors, the Managing Directors, the Chief Financial Officer, and those officers so designated and authorized by the Chairman of the Board, the Chief Executive Officer, the President, the Senior Managing Directors, the Managing Directors, or the Chief Financial Officer are authorized for and on behalf of the Bank, and to the extent permitted by law, to make loans and discounts; to purchase or acquire drafts, notes, stocks, bonds, and other securities for investment of funds held by the Bank; to execute and purchase acceptances; to appoint, empower and direct all necessary agents and attorneys; to sign and give any notice required to be given; to demand payment and/or to declare due for any default any debt or obligation due or payable to the Bank upon demand or authorized to be declared due; to foreclose any mortgages; to exercise any option, privilege or election to forfeit, terminate, extend or renew any lease; to authorize and direct any proceedings for the collection of any money or for the enforcement of any right or obligation; to adjust, settle and compromise all claims of every kind and description in favor of or against the Bank, and to give receipts, releases and discharges therefor; to borrow money and in connection therewith to make, execute and deliver notes, bonds or other evidences of indebtedness; to pledge or hypothecate any securities or any stocks, bonds, notes or any property real or personal held or owned by the Bank, or to rediscount any notes or other obligations held or owned by the Bank, whenever in his or her judgment it is reasonably necessary for the operation of the Bank; and in furtherance of and in addition to the powers hereinabove set forth to do all such acts and to take all such proceedings as in his or her judgment are necessary and incidental to the operation of the Bank.

SECTION 3.03. SECRETARY. The Secretary or such other officers as may be designated by the Chief Executive Officer shall have supervision and control of the records of the Bank and, subject to the direction of the Chief Executive Officer, shall undertake other duties and functions usually performed by a corporate secretary. Other officers may be designated by the Secretary as Assistant Secretary to perform the duties of the Secretary.

SECTION 3.04. EXECUTION OF DOCUMENTS. Any member of the Bank's management staff or any employee of the Bank designated as an officer on the Bank's payroll system is hereby authorized for and on behalf of the Bank to sell, assign, lease, mortgage, transfer, deliver and convey any real or personal property, including shares of stock, bonds, notes, certificates of indebtedness (including the assignment and redemption of registered United States obligations) and all other forms of intangible property now or hereafter owned by or standing in the name of

the Bank, or its nominee, or held by the Bank as collateral security, or standing in the name of the Bank, or its nominee, in any fiduciary capacity or in the name of any principal for whom this Bank may now or hereafter be acting under a power of attorney or as agent, and to execute and deliver such partial releases from any discharges or assignments of mortgages and assignments or surrender of insurance policies, deeds, contracts, assignments or other papers or documents as may be appropriate in the circumstances now or hereafter held by the Bank in its own name, in a fiduciary capacity, or owned by any principal for whom this Bank may now or hereafter be acting under a power of attorney or as agent; provided, however, that, when necessary, the signature of any such person shall be attested or witnessed in each case by another officer of the Bank.

Any member of the Bank's management staff or any employee of the Bank designated as an officer on the Bank's payroll system is hereby authorized for and on behalf of the Bank to execute any indemnity and fidelity bonds, trust agreements, proxies or other papers or documents of like or different character necessary, desirable or incidental to the appointment of the Bank in any fiduciary capacity, the conduct of its business in any fiduciary capacity, or the conduct of its other banking business; to sign and issue checks, drafts, orders for the payment of money and certificates of deposit; to sign and endorse bills of exchange, to sign and countersign foreign and domestic letters of credit, to receive and receipt for payments of principal, interest, dividends, rents, fees and payments of every kind and description paid to the Bank, to sign receipts for money or other property acquired by or entrusted to the Bank, to guarantee the genuineness of signatures on assignments of stocks, bonds or other securities, to sign certifications of checks, to endorse and deliver checks, drafts, warrants, bills, notes, certificates of deposit and acceptances in all business transactions of the Bank; also to foreclose any mortgage, to execute and deliver receipts for any money or property; also to sign stock certificates for and on behalf of this Bank as transfer agent or registrar, and to authenticate bonds, debentures, land or lease trust certificates or other forms of security issued pursuant to any indenture under which this Bank now or hereafter is acting as trustee or in any other fiduciary capacity; to execute and deliver various forms of documents or agreements necessary to effectuate certain investment strategies for various fiduciary or custody customers of the Bank, including, without limitation, exchange funds, options, both listed and over-the-counter, commodities trading, futures trading, hedge funds, limited partnerships, venture capital funds, swap or collar transactions and other similar investment vehicles for which the Bank now or in the future may deem appropriate for investment of fiduciary customers or in which non-fiduciary customers may direct investment by the Bank.

Without limitation on the foregoing, the Chief Executive Officer, Chairman of the Board, or President of the Bank shall have the authority from time to time to appoint officers of the Bank as Vice President for the sole purpose of executing releases or other documents incidental to the conduct of the Bank's business in any fiduciary capacity where required by state law or the governing document. In addition, other persons in the employment of the Bank or its affiliates may be authorized by the Chief Executive Officer, Chairman of the Board, President, Senior Managing Directors, Managing Directors, or Chief Financial Officer to perform acts and to execute the documents described in the paragraph above, subject, however, to such limitations and conditions as are contained in the authorization given to such person.

SECTION 3.05. PERFORMANCE BOND. All officers and employees of the Bank shall be bonded for the honest and faithful performance of their duties for such amount as may be prescribed by the Board of Directors.

ARTICLE IV
STOCKS AND STOCK CERTIFICATES

SECTION 4.01. STOCK CERTIFICATES. The shares of stock of the Bank shall be evidenced by certificates which shall bear the signature of the Chairman of the Board, the Chief Executive Officer, or the President (which signature may be engraved, printed or impressed), and shall be signed manually by the Secretary, or any other officer appointed by the Chief Executive Officer for that purpose. In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Bank with the same effect as if such officer had not ceased to be such at the time of its issue. Each such certificate shall bear the corporate seal of the Bank, shall recite on its face that stock represented thereby is transferable only upon the books of the Bank when properly endorsed and shall recite such other information as is required by law and deemed appropriate by the Board. The corporate seal may be facsimile engraved or printed.

SECTION 4.02. STOCK ISSUE AND TRANSFER. The shares of stock of the Bank shall be transferable only upon the stock transfer books of the Bank and, except as hereinafter provided, no transfer shall be made or new certificates issued except upon the surrender for cancellation of the certificate or certificates previously issued therefor. In the case of the loss, theft, or destruction of any certificate, a new certificate may be issued in place of such certificate upon the furnishing of an affidavit setting forth the circumstances of such loss, theft, or destruction and indemnity satisfactory to the Chairman of the Board, the Chief Executive Officer, or the President. The Board of Directors or the Chairman of the Board, Chief Executive Officer, or the President may authorize the issuance of a new certificate therefor without the furnishing of indemnity. Stock transfer books, in which all transfers of stock shall be recorded, shall be provided. The stock transfer books may be closed for a reasonable period and under such conditions as the Board of Directors may at any time determine, for any meeting of shareholders, the payment of dividends or any other lawful purpose. In lieu of closing the transfer books, the Board of Directors may, in its discretion, fix a record date and hour constituting a reasonable period prior to the day designated for the holding of any meeting of the shareholders or the day appointed for the payment of any dividend, or for any other purpose at the time as of which shareholders entitled to notice of and to vote at any such meeting or to receive such dividend or to be treated as shareholders for such other purpose shall be determined, and only shareholders of record at such time shall be entitled to notice of or to vote at such meeting or to receive such dividends or to be treated as shareholders for such other purpose.

ARTICLE V
MISCELLANEOUS PROVISIONS

SECTION 5.01. SEAL. The seal of the Bank shall be circular in form with "SEAL" in the center, and the name "BANK ONE TRUST COMPANY, National Association" located clockwise around the upper half of the seal.

SECTION 5.02. MINUTE BOOK. The organization papers of this Bank, the Articles of Association, the returns of judges of elections, the By-Laws and any amendments thereto, the proceedings of all regular and special meetings of the shareholders and of the Board of Directors, and reports of the committees of the Board of Directors shall be recorded in the minute books of the Bank. The minutes of each such meeting shall be signed by the presiding officer and attested by the secretary of the meeting.

SECTION 5.03. CORPORATE POWERS. The corporate existence of the Bank shall continue until terminated in accordance with the laws of the United States. The purpose of the Bank shall be to carry on the general business of a commercial bank trust department and to engage in such activities as are necessary, incident, or related to such business. The Articles of Association of the Bank shall not be amended, or any other provision added elsewhere in the Articles expanding the powers of the Bank, without the prior approval of the Comptroller of the Currency.

SECTION 5.04. AMENDMENT OF BY-LAWS. The By-Laws may be amended, altered or repealed, at any regular or special meeting of the Board of Directors, by a vote of a majority of the Directors.

As amended April 24, 1991	Section 3.01 (Officers and Management Staff) Section 3.02 (Chief Executive Officer) Section 3.03 (Powers and Duties of Officers and Management Staff) Section 3.05 (Execution of Documents)
As amended January 27, 1995	Section 2.04 (Regular Meetings) Section 2.05 (Special Meetings) Section 3.01(f) (Officers and Management Staff) Section 3.03(e) (Powers and Duties of Officers and Management Staff) Section 5.01 (Seal)
Amended and restated in its entirety effective May 1, 1996	
As amended August 1, 1996	Section 2.09 (Trust Examining Committee) Section 2.10 (Other Committees)
As amended October 16, 1997	Section 3.01 (Officers and Management Staff) Section 3.02 (Powers and Duties of Officers and Management Staff) Section 3.04 (Execution of Documents)
As amended January 1, 1998	Section 1.01 (Annual Meeting)

EXHIBIT 6

THE CONSENT OF THE TRUSTEE REQUIRED
BY SECTION 321(b) OF THE ACT

April 6, 2000

Securities and Exchange Commission
Washington, D.C. 20549

Ladies and Gentlemen:

In connection with the qualification of an indenture between Panhandle Eastern Pipe Line Company and Bank One Trust Company, National Association, as Trustee, the undersigned, in accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, hereby consents that the reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION

BY: /S/ JOHN R. PRENDIVILLE
JOHN R. PRENDIVILLE
SENIOR COUNSEL

EXHIBIT 7

Legal Title of Bank:	Bank One Trust Company, N.A.	Call Date: 12/31/99	State #: 391581	FFIEC 032
Address:	100 Broad Street	Vendor ID: D	Cert #: 21377	Page RC-1
City, State Zip:	Columbus, OH 43271	Transit #: 04400003		

CONSOLIDATED REPORT OF CONDITION FOR INSURED COMMERCIAL AND STATE-CHARTERED SAVINGS BANKS FOR DECEMBER 31, 1999

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding of the last business day of the quarter.

SCHEDULE RC--BALANCE SHEET

		DOLLAR AMOUNTS IN THOUSANDS RCON BIL MIL THOU	C300
ASSETS			
1. Cash and balances due from depository institutions (from Schedule RC-A):	RCON		
a. Noninterest-bearing balances and currency and coin(1)	0081	123,692	1.a
b. Interest-bearing balances(2)	0071	17,687	1.b
2. Securities			
a. Held-to-maturity securities(from Schedule RC-B, column A)	1754	0	2.a
b. Available-for-sale securities (from Schedule RC-B, column D)	1773	5,860	2.b
3. Federal funds sold and securities purchased under agreements to resell	1350	364,813	3.
4. Loans and lease financing receivables:			
a. Loans and leases, net of unearned income (from Schedule RC-C)	RCON 2122	58,020	4.a
b. LESS: Allowance for loan and lease losses	3123	10	4.b
c. LESS: Allocated transfer risk reserve	3128	0	4.c
d. Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c)	RCON 2125	58,010	4.d
5. Trading assets (from Schedule RD-D)	3545	0	5.
6. Premises and fixed assets (including capitalized leases)	2145	22,547	6.
7. Other real estate owned (from Schedule RC-M)	2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	2130	0	8.
9. Customers' liability to this bank on acceptances outstanding	2155	0	9.
10. Intangible assets (from Schedule RC-M)	2143	27,151	10.
11. Other assets (from Schedule RC-F)	2160	141,759	11.
12. Total assets (sum of items 1 through 11)	2170	761,519	12.

- --------

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.

Legal Title of Bank:	Bank One Trust Company, N.A.	Call Date:	12/31/99	State #: 391581	FFIEC 032
Address:	100 East Broad Street	Vendor ID:	D	Cert #" 21377	Page RC-2
City, State Zip:	Columbus, OH 43271	Transit #:	04400003		

SCHEDULE RC-CONTINUED

		DOLLAR AMOUNTS IN THOUSANDS	
LIABILITIES			
13. Deposits:			
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part 1)	RCON 2200	589,846	13.a
(1) Noninterest-bearing(1)	6631	517,140	13.a1
(2) Interest-bearing	6636	72,706	13.a2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)			
(1) Noninterest bearing			
(2) Interest-bearing			
14. Federal funds purchased and securities sold under agreements to repurchase:	RCFD 2800	0	14
15. a. Demand notes issued to the U.S. Treasury	RCON 2840	0	15.a
b. Trading Liabilities(from Schedule RC-D)	RCFD 3548	0	15.b
16. Other borrowed money:	RCON		
a. With original maturity of one year or less	2332	0	16.a
b. With original maturity of more than one year	A547	0	16.b
c. With original maturity of more than three years	A548	0	16.c
17. Not applicable			
18. Bank's liability on acceptance executed and outstanding	2920	0	18.
19. Subordinated notes and debentures	3200	0	19.
20. Other liabilities (from Schedule RC-G)	2930	63,244	20.
21. Total liabilities (sum of items 13 through 20)	2948	653,090	21.
22. Not applicable			
EQUITY CAPITAL			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	800	24.
25. Surplus (exclude all surplus related to preferred stock)	3839	45,157	25.
26. a. Undivided profits and capital reserves	3632	62,458	26.a
b. Net unrealized holding gains (losses) on available-for-sale securities	8434	14	26.b
c. Accumulated net gains (losses) on cash flow hedges	4336	0	26.c
27. Cumulative foreign currency translation adjustments			
28. Total equity capital (sum of items 23 through 27)	3210	108,429	28.
29. Total liabilities, limited-life preferred stock, and equity capital (sum of items 21, 22, and 28)	3300	761,519	29.

Memorandum

To be reported only with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1996	RCFD 6724	N/A	Number M.1.

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank

2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)

3 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

4. = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)

5 = Review of the bank's financial statements by external auditors

6 = Compilation of the bank's financial statements by external auditors

7 = Other audit procedures (excluding tax preparation work)

8 = No external audit work

- ----------

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.

EXHIBIT 99(A)

LETTER OF TRANSMITTAL

PANHANDLE EASTERN PIPE LINE COMPANY

OFFER TO EXCHANGE
8.25% SENIOR NOTES DUE 2010, SERIES B
FOR ANY AND ALL OF THE OUTSTANDING
8.25% SENIOR NOTES DUE 2010, SERIES A

THIS EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT
5:00 P.M., NEW YORK CITY TIME, ON , 2000
UNLESS THE OFFER IS EXTENDED

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION
(THE "EXCHANGE AGENT")

By Mail, (Certified, Registered, Overnight or First Class) or Hand Delivery:

Bank One Trust Company, NA
c/o First Chicago Trust Company of New York
14 Wall Street
8th Floor, Window 2
New York, New York 10005

By Facsimile:
(For Eligible Institutions Only)
(212) 240-8938

Telephone Number
(212) 240-8801

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN THE ONES LISTED ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

The undersigned hereby acknowledges receipt of the Prospectus dated July , 2000 (the "Prospectus") of Panhandle Eastern Pipe Line Company (the "Company") and this Letter of Transmittal, which together constitute the Company's offer (the "Exchange Offer") to exchange $1,000 principal amount of its 8.25% Senior Notes Due 2010, Series B (the "Exchange Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement of which the Prospectus is a part, for each $1,000 principal amount of its outstanding 8.25% Senior Notes Due 2010, Series A (the "Notes"). The term "Expiration Date" shall mean 5:00 p.m., New York City time, on , 2000 unless the Company, in its reasonable judgment, extends the Exchange Offer, in which case the term shall mean the latest date and time to which the Exchange Offer is extended. Capitalized terms used but not defined herein have the meaning given to them in the Prospectus.

YOUR BANK OR BROKER CAN ASSIST YOU IN COMPLETING THIS FORM. THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

List on the next page the Notes to which this Letter of Transmittal relates. If the space indicated is inadequate, the Certificate of Registration Numbers and Principal Amounts should be listed on a separately signed schedule affixed hereto.

DESCRIPTION OF NOTES TENDERED HEREBY

NAME(S) AND ADDRESS(ES) OF REGISTERED OWNER(S) (PLEASE FILL IN)	CERTIFICATE OR REGISTRATION NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT REPRESENTED BY NOTES	PRINCIPAL AMOUNT TENDERED**
	Total		

* Need not be completed by Book-Entry Holders.

** Unless otherwise indicated, the Holder will be deemed to have tendered the Full Aggregate Principal Amount represented by such Notes. All Tenders must be in integral multiples of $1,000.

This Letter of Transmittal is to be used (i) if certificates of Notes are to be forwarded herewith, (ii) if delivery of Notes is to be made by book-entry transfer to an account maintained by the Exchange Agent at The Depository Trust Company (the "Depository"), pursuant to the procedures set forth in "The Exchange Offer -- Procedures for Tendering Notes" in the Prospectus or (iii) if tender of the Notes is to be made according to the guaranteed delivery procedures described in the Prospectus under the caption "The Exchange Offer -- Guaranteed Delivery Procedures." See Instruction 2. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

The term "Holder" with respect to the Exchange Offer means any person in whose name Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder. The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer. Holders who wish to tender their Notes must complete this letter in its entirety.

[ ] CHECK HERE IF TENDERED NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE DEPOSITORY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution
- ---

[ ] The Depository Trust Company

Account Number
- ---

Transaction Code Number
- ---

Holders whose Notes are not immediately available or who cannot deliver their Notes and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date must tender their Notes according to the guaranteed delivery procedure set forth in the Prospectus under the caption "The Exchange Offer -- Guaranteed Delivery Procedures." See Instruction 2.

[ ] CHECK HERE IF TENDERED NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name of Registered Holder(s)
- ---

Name of Eligible Institution that Guaranteed Delivery

If delivery by book-entry transfer:

Account Number
- ---

Transaction Code Number
- ---

[ ] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name
- ---

Address
- ---

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the principal amount of the Notes indicated above. Subject to, and effective upon, the acceptance for exchange of such Notes tendered hereby, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Notes as are being tendered hereby, including all rights to accrued and unpaid interest thereon as of the Expiration Date. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said Exchange Agent acts as the agent of the Company in connection with the Exchange Offer) to cause the Notes to be assigned, transferred and exchanged. The undersigned represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Notes and to acquire Exchange Notes issuable upon the exchange of such tendered Notes, and that when the same are accepted for exchange, the Company will acquire good and unencumbered title to the tendered Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim.

The undersigned represents to the Company that (A) it is not an affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. If the undersigned or the person receiving the Exchange Notes covered hereby is a broker-dealer that is receiving the Exchange Notes for its own account in exchange for Notes that were acquired as a result of market-making activities or other trading activities, the undersigned acknowledges that it or such other person will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. The undersigned and any such other person acknowledges that, if they are participating in the Exchange Offer for the purpose of distributing the Exchange Notes, (i) they cannot rely on the position of the staff of the Securities and Exchange Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988) as interpreted in the Securities and Exchange Commission's letter to Shearman & Sterling dated July 2, 1993, Morgan Stanley & Co., Incorporated (available June 5, 1991), Warnaco, Inc. (available June 5, 1991), and Epic Properties, Inc. (available October 21, 1991 or similar no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale transaction and (ii) failure to comply with such requirements in such instance could result in the undersigned or any such other person incurring liability under the Securities Act for which such persons are not indemnified by the Company. If the undersigned or the person receiving the Exchange Notes covered by this letter is an affiliate (as defined under Rule 405 of the Securities Act) of the Company, the undersigned represents to the Company that the undesigned understands and acknowledges that such Exchange Notes may not be offered for resale, resold or otherwise transferred by the undersigned or such other person without registration under the Securities Act or an exemption therefrom.

The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the exchange, assignment and transfer of tendered Notes or transfer ownership of such Notes on the account books maintained by a book-entry facility. The undersigned further agrees that acceptance of any tendered Notes by the Company and the issuance of Exchange Notes in exchange therefor shall constitute performance in full by the Company of its obligations under the Registration Rights Agreement and that the Company shall have no further obligations or liabilities thereunder for the registration of the Notes or the Exchange Notes.

The Exchange Offer is subject to certain conditions set forth in the Prospectus under the caption "The Exchange Offer -- Conditions." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Company), as more particularly set forth in the Prospectus, the Company may not be required to exchange any of the Notes tendered hereby and, in such event, the Notes not exchanged will be returned to the undersigned at the address shown below the signature of the undersigned.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Tendered Notes may be withdrawn at any time prior to the Expiration Date.

Unless otherwise indicated in the box entitled "Special Registration Instructions" or the box entitled "Special Delivery Instructions" in this Letter of Transmittal, certificates for all Exchange Notes delivered in exchange for tendered Notes, and any Notes delivered herewith but not exchanged, will be registered in the name of the undersigned and shall be delivered to the undersigned at the address shown below the signature of the undersigned. If an Exchange Note is to be issued to a person other than the person(s) signing this Letter of Transmittal, or if the Exchange Note is to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address different than the address shown on this Letter of Transmittal, the appropriate boxes of this Letter of Transmittal should be completed. If Notes are surrendered by Holder(s) that have completed either the box entitled "Special Registration Instructions" or the box entitled "Special Delivery Instructions" in this Letter of Transmittal, signature(s) on this Letter of Transmittal must be Medallion Guaranteed by an Eligible Institution (defined in Instruction 2).

SPECIAL REGISTRATION
INSTRUCTIONS

To be completed ONLY if the Exchange Notes are to be issued in the name of someone other than the undersigned.

Name: ---

Address: ---

Book-Entry Transfer Facility Account: ---

Employee Identification or Social Security Number:

(PLEASE PRINT OR TYPE)

SPECIAL DELIVERY
INSTRUCTIONS

To be completed ONLY if the Exchange Notes are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown under "Description of Notes Tendered Hereby."

Name: ---

Address: ---

(PLEASE PRINT OR TYPE)

(REGISTERED HOLDER(S) OF NOTES SIGN HERE)

(IN ADDITION, COMPLETE SUBSTITUTE FORM W-9 BELOW)

- ---

- ---

(SIGNATURE(S) OF REGISTERED HOLDER(S))

Must be signed by registered holder(s) exactly as name(s) appear(s) on the Notes or on a security position listing as the owner of the Notes or by person(s) authorized to become registered holder(s) by properly completed bond powers transmitted herewith. If signature is by attorney-in-fact, trustee, executor, administrator, guardian, officer of a corporation or other person acting in a fiduciary capacity, please provide the following information. (Please print or type):

Name and Capacity (full title):

Address (including zip code):

Area Code and Telephone Number:

Taxpayer Identification or Social Security No.:

Dated:
- ---

MEDALLION GUARANTEE
(IF REQUIRED -- SEE INSTRUCTION 4)

Authorized Signature:

(SIGNATURE OF REPRESENTATIVE OF MEDALLION GUARANTOR)

Name and Title:

Name of Plan:

Area Code and Telephone Number:

(PLEASE PRINT OR TYPE)

Dated:
- ---

PAYOR'S NAME: BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION

SUBSTITUTE FORM W-9	PART I -- Please provide your TIN in the box at right and certify by signing and dating below.	Social Security Number or Employer Identification Number (If awaiting TIN write "Applied For")
DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	PART II -- For Payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 and complete as instructed therein.	
PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	CERTIFICATION -- Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or a Taxpayer Identification Number has not been issued to me) and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service ("IRS") or Social Security Administration office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number within 60 days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number, and (2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding. CERTIFICATION INSTRUCTIONS -- You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.) Signature ---------- Date----------, 2000	

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

INSTRUCTIONS

FORMING PART OF THE TERMS AND
CONDITIONS OF THE EXCHANGE OFFER

1. Delivery of this Letter of Transmittal and Certificates. All physically delivered Notes or confirmations of any book-entry transfer to the Exchange Agent's account at a book-entry transfer facility of Notes tendered by book-entry transfer, as well as a properly completed and duly executed copy of this Letter of Transmittal or facsimile thereof, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date (as defined in the Prospectus). The method of delivery of this Letter of Transmittal, the Notes and any other required documents is at the election and risk of the Holder, and except as otherwise provided below, the delivery will be deemed made only when actually received by the Exchange Agent. If such delivery is by mail, it is suggested that registered mail with return receipt requested, properly insured, be used.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering Holders, by execution of this Letter of Transmittal (or facsimile thereof), shall waive any right to receive notice of the acceptance of the Notes for exchange.

Delivery to an address other than as set forth herein, or instructions via a facsimile number other than the ones set forth herein, will not constitute a valid delivery.

2. Guaranteed Delivery Procedures. Holders who wish to tender their Notes, but whose Notes are not immediately available and thus cannot deliver their Notes, the Letter of Transmittal or any other required documents to the Exchange Agent (or comply with the procedures for book-entry transfer) on or prior to the Expiration Date, may effect a tender if:

(a) the tender is made through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (an "Eligible Institution");

(b) prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) setting forth the name and address of the Holder, the registration number(s) of such Notes and the principal amount of Notes tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange trading days after the Expiration Date, the Letter of Transmittal (or facsimile thereof), together with the Notes (or a confirmation of book-entry transfer of such Notes into the Exchange Agent's account at the Depository) and any other documents required by the Letter of Transmittal, will be deposited by the Eligible Institution with the Exchange Agent; and

(c) such properly completed and executed Letter of Transmittal (or facsimile thereof), as well as all tendered Notes in proper form for transfer (or a confirmation of book-entry transfer of such Notes into the Exchange Agent's account at the Depository) and all other documents required by the Letter of Transmittal, are received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date.

Any Holder who wishes to tender Notes pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery relating to such Notes prior to the Expiration Date. Failure to complete the guaranteed delivery procedures outlined above will not, of itself, affect the validity or effect a revocation of any Letter of Transmittal form properly completed and executed by a Holder who attempted to use the guaranteed delivery procedures.

3. Partial Tenders; Withdrawals. If less than the entire principal amount of Notes evidenced by a submitted certificate is tendered, the tendering Holder should fill in the principal amount tendered in the column entitled "Principal Amount Tendered" of the box entitled "Description of Notes Tendered Hereby." A newly issued Note for the principal amount of Notes submitted but not tendered will be sent to such Holder as soon as practicable after the Expiration Date. All Notes delivered to the Exchange Agent will be deemed to have been tendered in full unless otherwise indicated.

Notes tendered pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date, after which tenders of Notes are irrevocable. To be effective, a written telegraphic or facsimile transmission notice of

withdrawal must be timely received by the Exchange Agent. Any such notice of withdrawal must (i) specify the name of the person having deposited the Notes to be withdrawn (the "Depositor"), (ii) identify the Notes to be withdrawn (including the registration number(s) and principal amount of such Notes or, in the case of Notes transferred by book-entry transfer, the name and number of the account at the Depository to be credited), (iii) be signed by the Holder in the same manner as the original signature on this Letter of Transmittal (including any required Medallion Guarantees) or be accompanied by documents of transfer sufficient to have the Trustee with respect to the Notes register the transfer of such Notes into the name of the person withdrawing the tender and (iv) specify the name in which any such Notes are to be registered, if different from that of the Depositor. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Notes so withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer and no Exchange Notes will be issued with respect thereto unless the Notes so withdrawn are validly retendered. Any Notes which have been tendered but which are not accepted for exchange, will be returned to the Holder thereof without cost to such Holder, or will be credited to an account maintained with the Depository, as soon as practicable after withdrawal, rejection of tender or termination of Exchange Offer.

4. Signature on this Letter of Transmittal; Written Instruments and Endorsements; Medallion Guarantee. If this Letter of Transmittal is signed by the registered Holder(s) of the Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates without alteration or enlargement or any change whatsoever. If this Letter of Transmittal is signed by a participant in the Depository, the signature must correspond with the name as it appears on the security position listing as the owner of the Notes.

If any of the Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If a number of Notes registered in different names is tendered, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of Notes.

Signatures on this Letter of Transmittal or on a notice of withdrawal, as the case may be, must be Medallion Guaranteed by an Eligible Institution unless the Notes tendered hereby are tendered (i) by a registered Holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution.

If this Letter of Transmittal is signed by the registered Holder or Holders of Notes (which term, for the purposes described herein, shall include a participant in the Depository whose name appears on a security listing as the owner of the Notes) listed and tendered hereby, no endorsements of the tendered Notes or separate written instruments of transfer or exchange are required. In any other case, the registered Holder (or acting Holder) must either properly endorse the Notes or transmit properly completed bond powers with this Letter of Transmittal (in either case, executed exactly as the name(s) of the registered Holder(s) appear(s) on the Notes, and, with respect to a participant in the Depository whose name appears on a security position listing as the owner of Notes, exactly as the name of the participant appears on such security position listing), with the signature on the Notes or bond power guaranteed by an Eligible Institution (except where the Notes are tendered for the account of an Eligible Institution).

If this Letter of Transmittal, any certificates or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

5. Special Registration and Delivery Instructions. Tendering Holders should indicate, in the applicable box, the name and address (or account at the Depository) in which the Exchange Notes or substitute Notes for principal amounts not tendered or not accepted for exchange are to be issued (or deposited), if different from the names and addresses or accounts of the person signing this Letter of Transmittal. In the case of issuance in a different name, the employer identification number or social security number of the person named must also be indicated and the tendering Holder should complete the applicable box.

If no instructions are given, the Exchange Notes (and any Notes not tendered or not accepted) will be issued in the name of and sent to the acting Holder of the Notes or deposited at such Holder's account at the Depository.

6. Transfer Taxes. The Company shall pay all transfer taxes, if any, applicable to the transfer and exchange of Notes to it or its order pursuant to the Exchange Offer. If a transfer tax is imposed for any other reason other than the transfer and exchange of Notes to the Company or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered Holder or any other person) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exception therefrom is not submitted herewith, the amount of such transfer taxes will be collected from the tendering Holder by the Exchange Agent.

Except as provided in this Instruction 6, it will not be necessary for transfer stamps to be affixed to the Notes listed in this Letter of Transmittal.

7. Waiver of Conditions. The Company reserves the right, in its reasonable judgment, to waive, in whole or in part, any of the conditions to the Exchange Offer set forth in the Prospectus.

8. Mutilated, Lost, Stolen or Destroyed Notes. Any Holder whose Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

9. Requests for Assistance or Additional Copies. Questions relating to the procedure for tendering as well as requests for additional copies of the Prospectus and this Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number set forth above. In addition, all questions relating to the Exchange Offer, as well as requests for assistance or additional copies of the Prospectus and this Letter of Transmittal, may be directed to Panhandle Eastern Pipe Line Company, 5444 Westheimer Road, Houston, Texas 77056-5306, Attention: Controller, telephone (713) 989-7000.

10. Validity and Form. All questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered Notes and withdrawal of tendered Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Notes not properly tendered or any Notes the Company's acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the right, in its reasonable judgment, to waive any defects, irregularities or conditions of tender as to particular Notes. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Notes must be cured within such time as the Company shall determine. Although the Company intends to notify Holders of defects or irregularities with respect to tenders of Notes, neither the Company, the Exchange Agent nor any other person shall incur any liability for failure to give such notification. Tenders of Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering Holder as soon as practicable following the Expiration Date.

IMPORTANT TAX INFORMATION

Under federal income tax law, a Holder tendering Notes is required to provide the Exchange Agent with such Holder's correct TIN on Substitute Form W-9 above. If such Holder is an individual, the TIN is the Holder's social security number. The Certificate of Awaiting Taxpayer Identification Number should be completed if the tendering Holder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future. If the Exchange Agent is not provided with the correct TIN, the Holder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such Holder with respect to tendered Notes may be subject to backup withholding of 31%.

Certain Holders (including, among others, all domestic corporations and certain foreign individuals and foreign entities) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Exchange Agent is required to withhold 31% of any amounts otherwise payable to the Holder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding

will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a Holder with respect to Notes tendered for exchange, the Holder is required to notify the Exchange Agent of his or her correct TIN by completing the form herein certifying that the TIN provided on Substitute Form W-9 is correct (or that such Holder is awaiting a TIN) and that (i) each Holder is exempt, (ii) such Holder has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of failure to report all interest or dividends or (iii) the Internal Revenue Service has notified such Holder that he or she is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE EXCHANGE AGENT

Each Holder is required to give the Exchange Agent the social security number or employer identification number of the record Holder(s) of the Notes. If Notes are in more than one name or are not in the name of the actual Holder, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering Holder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in the space provided for in the TIN in Part I, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE THEREOF (TOGETHER WITH NOTES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.

EXHIBIT 99(B)

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER.--Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF--
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
5. Sole proprietorship	The owner(3)

FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF--
6. Sole proprietorship	The owner(3)
7. A valid trust, estate, or pension trust	The legal entity(4)
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization account	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
(2) Circle the minor's name and furnish the minor's social security number.
(3) You must show your individual name, but you may also enter you business or "doing business as" name. You may use either your social security number or your employer identification number (if you have one).
(4) List first and circle the name of the legal trust, estate or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER OF SUBSTITUTE FORM W-9

PAGE 2

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5. Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding include the following:

- A corporation.
- A financial institution.
- An organization exempt from tax under section 501(a), an individual retirement plan or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any political subdivision or instrumentality thereof.
- A foreign government or any political subdivision, agency or instrumentality thereof.
- An international organization or any agency or instrumentality thereof.
- A dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- A real estate investment trust.
- A common trust fund operated by a bank under section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one non-resident alien partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.
- Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid to you.
- Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" IN PART II OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the number whether or not recipients are required to file tax returns. Beginning January 1, 1993, payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS.--If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an underpayment attributable to that failure unless there is a clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false state with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

EXHIBIT 99(C)

NOTICE OF GUARANTEED DELIVERY
FOR TENDER OF
8.25% SENIOR NOTES DUE 2010, SERIES A
(INCLUDING THOSE IN BOOK-ENTRY FORM)

OF

PANHANDLE EASTERN PIPELINE COMPANY

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Panhandle Eastern Pipe Line Company (the "Company") made pursuant to the Prospectus, dated July , 2000 (the "Prospectus"), if certificates for the outstanding 8.25% Senior Notes due 2010, Series A (the "Notes") are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Exchange Agent prior to 5:00 p.m., New York time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by telegram, telex, facsimile transmission, mail or hand delivery to Bank One Trust Company, National Association (the "Exchange Agent") as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender Notes pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal (or facsimile thereof) as well as all tendered Notes in proper form for transfer (or a confirmation of book-entry transfer of such Notes into the Exchange Agent's account at the Depository Trust Company) and all other documents required by the Letter of Transmittal must also be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION, EXCHANGE AGENT

By Mail, (Certified, Registered, Overnight or First Class) or Hand Delivery:
Bank One Trust Company, NA
c/o First Chicago Trust Company of New York
14 Wall Street
8th Floor, Window 2
New York, New York 10005

By Facsimile:
(For Eligible Institutions Only)
(212) 240-8938

Telephone Number
(212) 240-8801

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Notes set forth below, pursuant to the guaranteed delivery procedure described in "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Notes Tendered: (1)

$
- ----------

(1) Must be in denominations of principal amount of $1,000 and any integral multiple thereof

Certificate Nos. (if available):

Total Principal Amount Represented by Certificate(s):

$
- ----------

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

PLEASE SIGN HERE

x
- ---------- ----------
x
- ---------- ----------
SIGNATURE(S) OF OWNER(S) OR AUTHORIZED SIGNATORY DATE

Area Code and Telephone Number:
- ----------

Must be signed by the holder(s) of Notes as their name(s) appear(s) on certificates for Notes or on a security position listing, or by person(s) authorized to become registered holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below. If Notes will be delivered by book-entry transfer to The Depository Trust Company, provide account number.

Please print name(s) and address(es)

Name(s) ----------

Capacity: ----------

Address(es): ----------

Account Number: ----------

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program, hereby guarantees that the undersigned will deliver to the Exchange Agent the certificates representing the Notes being tendered hereby or confirmation of book-entry transfer of such Notes into the Exchange Agent's account at The Depository Trust Company, in proper form for transfer, together with any other documents required by the Letter of Transmittal within three New York Stock Exchange trading days after the Expiration Date.

Name of Firm

Address

Area Code &
Telephone No.

Authorized Signature

Name

(PLEASE TYPE OR PRINT)

Title

Date

NOTE: DO NOT SEND CERTIFICATES OF NOTES WITH THIS FORM. CERTIFICATES OF NOTES SHOULD BE SENT ONLY WITH A COPY OF THE PREVIOUSLY EXECUTED LETTER OF TRANSMITTAL.