

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2000

OR

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

For the transition period from _____ to _____

Commission file number 1-4174

THE WILLIAMS COMPANIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

73-0569878

(State of Incorporation)

(IRS Employer Identification Number)

ONE WILLIAMS CENTER
TULSA, OKLAHOMA

74172

(Address of principal executive office)

(Zip Code)

Registrant's telephone number:

(918) 573-2000

NO CHANGE

Former name, former address and former fiscal year,
if changed since last report.

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock as of the latest practicable date.

Class	Outstanding at July 31, 2000
Common Stock, \$1 par value	442,783,816 Shares

The Williams Companies, Inc.
Index

Part I. Financial Information	Page

Item 1. Financial Statements	
Consolidated Statement of Income--Three and Six Months Ended June 30, 2000 and 1999	2
Consolidated Balance Sheet--June 30, 2000 and December 31, 1999	3
Consolidated Statement of Cash Flows--Six Months Ended June 30, 2000 and 1999	4
Notes to Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures about Market Risk	26
Part II. Other Information	27
Item 1. Legal Proceedings	
Item 4. Submission of Matters to a Vote of Security Holders	
Item 6. Exhibits and Reports on Form 8-K	
Exhibit 4.1 -- Credit Agreement dated July 25, 2000, among Williams and certain of its subsidiaries and the banks named therein and Citibank N.A., as agent.	
Exhibit 4.2 -- Credit Agreement dated July 25, 2000, among Williams and the banks named therein and Citibank N.A., as agent.	
Exhibit 12 -- Computation of Ratio of Earnings to Fixed Charges	
Exhibit 27 -- Financial Data Schedule	

Certain matters discussed in this report, excluding historical information, include forward-looking statements - statements that discuss Williams' expected future results based on current and pending business operations. Williams makes these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements can be identified by words such as "anticipates," "believes," "expects," "planned," "scheduled" or similar expressions. Although Williams believes these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this document. Additional information about issues that could lead to material changes in performance is contained in The Williams Companies, Inc.'s 1999 Form 10-K/A.

The Williams Companies, Inc.
Consolidated Statement of Income
(Unaudited)

(Dollars in millions, except per-share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999*	2000	1999*
Revenues:				
Gas Pipeline	\$ 492.0	\$ 424.5	\$ 973.3	\$ 891.4
Energy Services	2,456.9	1,368.2	4,427.4	2,509.5
Communications	522.7	505.2	1,063.9	1,012.1
Other	33.4	23.8	66.8	30.0
Intercompany eliminations	(645.9)	(328.7)	(1,244.6)	(505.9)
Total revenues	2,859.1	1,993.0	5,286.8	3,937.1
Segment costs and expenses:				
Costs and operating expenses	1,956.8	1,435.9	3,759.4	2,834.4
Selling, general and administrative expenses	393.8	323.8	731.7	628.5
Other expense-net	13.7	33.1	14.2	30.6
Total segment costs and expenses	2,364.3	1,792.8	4,505.3	3,493.5
General corporate expenses	20.9	16.6	40.3	33.5
Operating income (loss):				
Gas Pipeline	215.2	175.4	412.5	362.2
Energy Services	411.6	105.9	616.7	231.0
Communications	(137.1)	(76.1)	(259.0)	(127.6)
Other	5.1	(5.0)	11.3	(22.0)
General corporate expenses	(20.9)	(16.6)	(40.3)	(33.5)
Total operating income	473.9	183.6	741.2	410.1
Interest accrued	(216.6)	(134.6)	(444.7)	(277.9)
Interest capitalized	51.0	17.5	88.6	26.9
Investing income	280.4	5.6	380.9	12.3
Minority interest in (income) loss and preferred returns of consolidated subsidiaries	(.8)	(3.4)	13.0	(4.0)
Other income (expense)-net	1.2	(1.1)	5.6	.2
Income before provision for income taxes and cumulative effect of change in accounting principle	589.1	67.6	784.6	167.6
Provision for income taxes	237.3	49.5	311.5	91.0
Income before cumulative effect of change in accounting principle	351.8	18.1	473.1	76.6
Cumulative effect of change in accounting principle	--	--	(21.6)	(5.6)
Net income	351.8	18.1	451.5	71.0
Preferred stock dividends	--	.9	--	2.5
Income applicable to common stock	\$ 351.8	\$ 17.2	\$ 451.5	\$ 68.5
Basic earnings per common share:				
Income before cumulative effect of change in accounting principle	\$.79	\$.04	\$ 1.07	\$.17
Cumulative effect of change in accounting principle	--	--	(.05)	(.01)
Net income	\$.79	\$.04	\$ 1.02	\$.16
Average shares (thousands)	443,778	435,052	443,331	433,580
Diluted earnings per common share:				
Income before cumulative effect of change in accounting principle	\$.78	\$.04	\$ 1.06	\$.17
Cumulative effect of change in accounting principle	--	--	(.05)	(.01)
Net income	\$.78	\$.04	\$ 1.01	\$.16
Average shares (thousands)	448,617	441,746	448,361	439,382
Cash dividends per common share	\$.15	\$.15	\$.30	\$.30

*Certain amounts have been restated as described in Note 2 of Notes to Consolidated Financial Statements.

See accompanying notes.

The Williams Companies, Inc.
Consolidated Balance Sheet
(Unaudited)

(Dollars in millions, except per-share amounts)

	June 30, 2000	December 31, 1999
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 427.4	\$ 1,092.0
Short-term investments	32.5	1,434.8
Receivables less allowance of \$76.1 (\$48.0 in 1999)	2,769.0	2,508.2
Inventories	811.2	631.5
Energy trading assets	2,232.7	376.0
Deferred income taxes	177.0	203.7
Other	420.3	270.4
	-----	-----
Total current assets	6,870.1	6,516.6
Investments	2,551.1	1,965.4
Property, plant and equipment, at cost	21,647.9	19,249.8
Less accumulated depreciation and depletion	(4,625.7)	(4,094.3)
	-----	-----
	17,022.2	15,155.5
Goodwill and other intangible assets--net	410.0	435.6
Other assets and deferred charges	1,543.7	1,215.4
	-----	-----
Total assets	\$ 28,397.1	\$ 25,288.5
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 1,227.6	\$ 1,378.8
Accounts payable	2,454.4	2,049.9
Accrued liabilities	1,729.2	1,835.2
Energy trading liabilities	1,905.4	312.3
Long-term debt due within one year	424.4	196.0
	-----	-----
Total current liabilities	7,741.0	5,772.2
Long-term debt	9,339.1	9,235.3
Deferred income taxes	2,773.5	2,581.9
Other liabilities and deferred income	1,515.0	1,041.8
Minority interest in consolidated subsidiaries	518.4	561.5
Contingent liabilities and commitments		
Preferred ownership interests of subsidiaries:		
Preferred interests of subsidiaries	335.1	335.1
Williams obligated mandatorily redeemable preferred securities of Trust holding only Williams indentures	182.6	175.5
Stockholders' equity:		
Common stock, \$1 par value, 960 million shares authorized, 446.3 million issued in 2000, 444.5 million issued in 1999	446.3	444.5
Capital in excess of par value	2,421.1	2,356.7
Retained earnings	3,126.1	2,807.2
Accumulated other comprehensive income	130.6	99.5
Other	(88.8)	(77.6)
	-----	-----
	6,035.3	5,630.3
Less treasury stock (at cost), 3.6 million shares of common stock in 2000 and 3.8 million in 1999	(42.9)	(45.1)
	-----	-----
Total stockholders' equity	5,992.4	5,585.2
	-----	-----
Total liabilities and stockholders' equity	\$ 28,397.1	\$ 25,288.5
	=====	=====

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Cash Flows
(Unaudited)

(Millions)

Six months ended June 30,

	2000	1999*
OPERATING ACTIVITIES:		
Net income	\$ 451.5	\$ 71.0
Adjustments to reconcile to cash provided from operations:		
Cumulative effect of change in accounting principle	21.6	5.6
Depreciation, depletion and amortization	409.8	351.0
Provision for deferred income taxes	203.5	380.9
Provision for loss on property and other assets	4.2	30.7
Gain on dispositions of assets	(102.2)	(.5)
Gain on conversion of common stock investment	(214.7)	--
Minority interest in income (loss) and preferred returns of consolidated subsidiaries	(13.0)	4.0
Cash provided (used) by changes in assets and liabilities:		
Receivables	(309.9)	(234.0)
Inventories	(178.7)	(58.5)
Other current assets	(143.4)	(44.9)
Accounts payable	428.0	126.9
Accrued liabilities	(165.4)	(127.1)
Changes in current energy trading assets and liabilities	(263.6)	(16.9)
Changes in non-current energy trading assets and liabilities	(195.6)	5.9
Changes in non-current deferred income	124.5	125.1
Other, including changes in non-current assets and liabilities	65.2	49.5
Net cash provided by operating activities	121.8	668.7
FINANCING ACTIVITIES:		
Proceeds from notes payable	314.0	1,307.1
Payments of notes payable	(445.1)	(435.6)
Proceeds from long-term debt	900.6	852.1
Payments of long-term debt	(554.4)	(933.5)
Proceeds from issuance of common stock	47.4	124.8
Dividends paid	(132.6)	(132.1)
Other--net	1.3	9.3
Net cash provided by financing activities	131.2	792.1
INVESTING ACTIVITIES:		
Property, plant and equipment:		
Capital expenditures	(2,162.1)	(1,168.2)
Proceeds from dispositions and excess fiber capacity transactions	39.9	51.0
Changes in accounts payable and accrued liabilities	28.4	(82.8)
Acquisitions of businesses, net of cash acquired	(147.7)	(162.9)
Proceeds from sales of short-term investments	1,436.1	--
Proceeds from sales of investments and other assets	253.0	5.6
Purchases of investments/advances to affiliates	(336.5)	(404.5)
Other--net	(28.7)	(2.2)
Net cash used by investing activities	(917.6)	(1,764.0)
Decrease in cash and cash equivalents	(664.6)	(303.2)
Cash and cash equivalents at beginning of period	1,092.0	503.3
Cash and cash equivalents at end of period	\$ 427.4	\$ 200.1

* Certain amounts have been restated as described in Note 2 of Notes to Consolidated Financial Statements.

See accompanying notes.

The Williams Companies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. General

The accompanying interim consolidated financial statements of The Williams Companies, Inc. (Williams) do not include all notes in annual financial statements and therefore should be read in conjunction with the consolidated financial statements and notes thereto in Williams' Annual Report on Form 10-K/A. The accompanying financial statements have not been audited by independent auditors, but include all normal recurring adjustments and others, which, in the opinion of Williams' management, are necessary to present fairly its financial position at June 30, 2000, its results of operations for the three and six months ended June 30, 2000 and 1999, and cash flows for the six months ended June 30, 2000 and 1999.

Segment profit of operating companies may vary by quarter. Based on current rate structures and/or historical maintenance schedules of certain of its pipelines, Gas Pipeline generally experiences lower segment profits in the second and third quarters as compared to the first and fourth quarters.

2. Basis of presentation

During first-quarter 2000, management of certain activities related to the marketing of products from the Alaska refinery were transferred from Energy Marketing & Trading to Petroleum Services. Prior year amounts for Petroleum Services and Energy Marketing & Trading have been restated to reflect the transfer of these operations.

In fourth-quarter 1999, Williams conformed its accounting for all of its inventories of non-trading crude oil and refined products to the average-cost method or market, if lower, the method used for the majority of such inventories. Previously, certain of these inventories were carried on the last-in, first-out cost method. All previously reported results have been restated to reflect the retroactive application of this accounting change. The accounting change increased net income for the three and six months ended June 30, 1999, by \$1.1 million and \$3.7 million, respectively. Diluted earnings per share for the six months ended June 30, 1999, increased \$.01 per share as a result of the accounting change.

Network's recognition of revenue related to cash received for the right to use portions of its fiber-optic network was impacted by Financial Accounting Standards Board (FASB) Interpretation No. 43, "Real Estate Sales, an interpretation of FASB Statement No. 66," issued in June 1999. Network's lease transactions entered into after June 30, 1999, are accounted for as operating leases unless title to the fibers under lease transfers to the lessee. The effect of this interpretation on the three and six months ended June 30, 2000, was to decrease revenues by \$31.1 million and \$34.8 million, respectively and decrease net income by \$8.5 million and \$9.8 million, respectively.

Certain other income statement and cash flow amounts have been reclassified to conform to the current classifications.

3. Investing income

In second-quarter 2000, Williams recognized a gain of \$214.7 million resulting from the conversion of Williams' shares of Concentric Network Corporation's common stock into shares of NEXTLINK Communications, Inc.'s common stock pursuant to a merger of those companies in June 2000.

Williams sold a portion of its investment in certain marketable equity securities for gains of \$36.6 million and \$68.1 million for the three and six months ended June 30, 2000, respectively.

In a series of transactions during first-quarter 2000, Williams sold a portion of its investment in ATL-Algar Telecom Leste S.A. (ATL) for approximately \$168 million in cash to SBC Communications, Inc. (SBC), which became a related party in first-quarter 2000. This investment had a carrying value of \$30 million. Williams recognized a gain on the sale of \$16.5 million and deferred a gain of approximately \$121 million associated with \$150 million of the proceeds which were subsequently advanced to ATL.

4. Asset impairments and other accruals

Included in second-quarter 2000 other expense-net within segment costs and expenses and Energy Marketing & Trading's segment profit is a \$25.9 million guarantee loss accrual. The accrual results from the decision to discontinue mezzanine lending services and represents the estimated liability associated with guarantees of current lending activities.

Included in second-quarter 1999 other expense-net within segment costs and expenses and Strategic Investments' segment loss are pre-tax charges totaling \$26.7 million relating to management's second-quarter 1999 decision and commitment to sell certain audio and video conferencing and closed-circuit video conferencing businesses. The \$26.7 million charge consisted of a \$22.8 million impairment of the assets to fair value based on the expected net sales proceeds of \$50 million and \$3.9 million in exit costs consisting of contractual obligations related to the sale of these businesses. The sales were completed later in 1999 with an additional \$1.7 million impairment charge recorded. These

transactions resulted in an income tax provision of approximately \$7.9 million, which reflects the impact of goodwill not deductible for tax purposes. Segment losses for the operations related to these assets for the three and six months ended June 30, 1999, were \$5 million and \$9.1 million, respectively.

Notes (Continued)

5. Provision for income taxes

The provision (benefit) for income taxes includes:

(Millions)	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Current:				
Federal	\$ 8.9	\$ (307.3)	\$ 90.1	\$ (299.5)
State	6.4	4.4	19.1	7.7
Foreign	(4.9)	1.0	(1.2)	1.9
	-----	-----	-----	-----
	10.4	(301.9)	108.0	(289.9)
Deferred:				
Federal	203.2	346.5	162.3	371.0
State	22.0	4.9	43.6	9.9
Foreign	1.7	--	(2.4)	--
	-----	-----	-----	-----
	226.9	351.4	203.5	380.9
Total provision	\$ 237.3	\$ 49.5	\$ 311.5	\$ 91.0
	=====	=====	=====	=====

The effective income tax rate for the three and six months ended June 30, 2000, is greater than the federal statutory rate due primarily to the effects of state income taxes.

A federal tax refund of \$321 million received in second-quarter 1999 is reflected as a current federal benefit with an offsetting deferred federal provision attributable to temporary differences between the book and tax basis of certain assets.

The effective income tax rate for 1999 is greater than the federal statutory rate due primarily to the effects of state income taxes and the impact of goodwill not deductible for tax purposes related to the assets impaired during second-quarter 1999 (see Note 4).

6. Cumulative effect of change in accounting principle

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in Financial Statements." Among other things, SAB 101 clarifies certain conditions regarding the culmination of an earnings process and customer acceptance requirements in order to recognize revenue. Prior to January 1, 2000, Solutions' revenue recognition policy had been to recognize revenues on new systems sales and upgrades under the percentage-of-completion method. A portion of the revenues on the contracts were initially recognized upon delivery of equipment with the remaining revenues under the contract being recognized over the installation period based on the relationship of incurred labor to total estimated labor. In light of the new guidance issued in SAB 101, effective January 1, 2000, Solutions changed its method of accounting for new systems sales and upgrades from the percentage-of-completion method to the completed-contract method. The provisions of SAB 101 permit Solutions to treat this change in accounting principle as a cumulative effect adjustment consistent with rules issued under Accounting Principles Board Opinion No. 20. The cumulative effect of the accounting change resulted in a charge to first-quarter 2000 net income of \$21.6 million (net of income tax benefits of \$14.9 million and minority interest of \$21 million). Solutions recognized \$63.2 million and \$201.4 million of revenue for the three and six months ended June 30, 2000, respectively, for contracts completed in 2000 that were previously reported under the percentage-of-completion method.

Pro forma amounts, assuming the completed-contract method is applied retroactively, are as follows:

(Dollars in millions, except per-share amounts)	Three months ended June 30, 1999		Six months ended June 30, 1999	
	Pro forma	Reported	Pro forma	Reported
Net income	\$ 18.1	\$ 18.1	\$ 67.4	\$ 71.0
Earnings per share:				
Basic	\$.04	\$.04	\$.15	\$.16
Diluted	\$.04	\$.04	\$.15	\$.16
	-----	-----	-----	-----

Effective January 1, 1999, Williams adopted Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires that all start-up costs be expensed as incurred, and the expense related to the initial application of this SOP of \$5.6 million (net of a \$3.6 million benefit for income taxes) is reported as the cumulative effect of a change in accounting principle in first-quarter 1999.

7. Earnings per share

 Basic and diluted earnings per common share are computed as follows:

(Dollars in millions, except per-share amounts; shares in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Income before cumulative effect of change in accounting principle	\$ 351.8	\$ 18.1	\$ 473.1	\$ 76.6
Preferred stock dividends	--	.9	--	2.5
Income before cumulative effect of change in accounting principle available to common stockholders for basic and diluted earnings per share	\$ 351.8	\$ 17.2	\$ 473.1	\$ 74.1
Basic weighted-average shares	443,778	435,052	443,331	433,580
Effect of dilutive securities: Stock options	4,839	6,694	5,030	5,802
Diluted weighted-average shares	448,617	441,746	448,361	439,382
Basic and diluted earnings per common share before cumulative effect of change in accounting principle:				
Basic	\$.79	\$.04	\$ 1.07	\$.17
Diluted	\$.78	\$.04	\$ 1.06	\$.17

For the three and six months ended June 30, 1999, approximately 6.4 million and 7.1 million shares, respectively, related to the assumed conversion of \$3.50 convertible preferred stock have been excluded from the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive. Each share of the \$3.50 convertible preferred stock was converted during 1999.

8. Inventories

(Millions)	June 30, 2000	December 31, 1999
Raw materials:		
Crude oil	\$ 111.5	\$ 66.6
Other	3.3	2.1
	114.8	68.7
Finished goods:		
Refined products	227.5	172.5
Natural gas liquids	163.8	83.9
General merchandise and communications equipment	118.6	116.0
	509.9	372.4
Materials and supplies	106.4	110.2
Natural gas in underground storage	77.2	77.5
Other	2.9	2.7
	\$ 811.2	\$ 631.5

9. Debt and banking arrangements

Notes payable

Williams has a \$1.4 billion commercial paper program, backed by a short-term bank-credit facility. At June 30, 2000, approximately \$1.2 billion of commercial paper was outstanding under the program. Interest rates vary with current market conditions. Subsequent to June 30, 2000, the commercial paper program and related short-term bank-credit facility were increased to \$1.7 billion.

Debt

(Millions)	average interest rate*	June 30, 2000	December 31, 1999
Revolving credit loans	7.2%	\$ 500.0	\$ 525.0
Debentures, 6.25%-10.25%, payable 2003-2027 (1)	7.4	1,103.2	1,105.2
Notes, 5.1%-10.875%, payable through 2022 (2)	8.0	6,901.8	7,339.1
Notes, adjustable rate, payable through 2004	7.2	1,253.3	455.0
Other, payable through 2009	7.0	5.2	7.0
		9,763.5	9,431.3
Current portion of long-term debt		(424.4)	(196.0)
		\$ 9,339.1	\$ 9,235.3

* At June 30, 2000, including the effects of interest-rate swaps.

(1) \$200 million, 7.08% debentures, payable 2026, are subject to redemption at par at the option of the debtholder in 2001.

(2) \$240 million, 6.125% notes, payable 2012, are subject to redemption at par at the option of the debtholder in 2002.

Williams' communications business, Williams Communications Group, Inc. (WCG), has a \$1.05 billion long-term credit agreement. Terms of the credit agreement contain restrictive covenants limiting the transfer of funds to Williams (parent), including the payment of dividends and repayment of intercompany borrowings by WCG to Williams (parent). At June 30, 2000, no amounts were outstanding under this facility. Interest rates vary with current market conditions.

Under the terms of Williams' \$1 billion revolving credit agreement, Northwest Pipeline, Transcontinental Gas Pipe Line and Texas Gas Transmission have access to varying amounts of the facility, while Williams (parent) has access to all unborrowed amounts. Interest rates vary with current market conditions. Subsequent to June 30, 2000, Williams' \$1 billion revolving credit agreement was terminated and replaced with a \$700 million revolving credit agreement under which Northwest Pipeline, Transcontinental Gas Pipe Line and Texas Gas Transmission have access to varying amounts of the facility, while Williams (parent) has access to all unborrowed amounts. Terms of the agreement are based on Williams exclusive of WCG and restrict the transfer of funds from Williams to WCG.

In January 2000, Williams issued \$500 million of adjustable rate notes due 2001 at an initial interest rate of approximately 6.5 percent. In April 2000, Williams entered into a \$400 million three-year term loan bank agreement. A total of \$400 million was borrowed under the agreement. Interest rates are based on LIBOR plus one percent.

Subsequent to June 30, 2000, WCG issued \$1 billion in debt obligations consisting of \$575 million in 11.7 percent notes due 2008 and \$425 million in 11.875 percent notes due 2010.

During second-quarter 2000, Williams terminated certain interest rate swaps with a notional value of approximately \$700 million. These swaps were utilized to convert certain fixed-rate debt obligations to variable rate obligations. Williams paid approximately \$9 million to terminate the swaps. The \$9 million was deferred and will be amortized as an adjustment of interest expense on the outstanding debt over the remaining original term of the terminated swap agreements.

10. Contingent liabilities and commitments

Rate and regulatory matters and related litigation

Williams' interstate pipeline subsidiaries have various regulatory proceedings pending. As a result of rulings in certain of these proceedings, a portion of the revenues of these subsidiaries has been collected subject to refund. The natural gas pipeline subsidiaries have accrued approximately \$138 million for potential refund as of June 30, 2000.

In 1997, the Federal Energy Regulatory Commission (FERC) issued orders addressing, among other things, the authorized rates of return for three of the Williams interstate natural gas pipeline subsidiaries. All of the orders involve rate cases that became effective between 1993 and 1995 and, in each instance, these cases have been superseded by more recently filed rate cases. In the three orders, the FERC continued its practice of utilizing a methodology for calculating rates of return that incorporates a long-term growth rate component. However, the long-term growth rate component used by the FERC is now a projection of U.S. gross domestic product growth rates. Generally, calculating rates of return utilizing a methodology which includes a long-term growth rate component results in rates of return that are lower than they would be if the long-term growth rate component were not included in the methodology. Each of the three pipeline subsidiaries challenged its respective FERC order in an effort to have the FERC change its rate-of-return methodology with respect to these and other rate cases. On January 30, 1998, the FERC convened a public conference to consider, on an industry-wide basis, issues with respect to pipeline rates of return. In July 1998, the FERC issued orders in two of the three pipeline subsidiary rate cases, again modifying its rate-of-return methodology by adopting a formula that gives less weight to the long-term growth component. Certain parties appealed the FERC's action, because the most recent formula modification results in somewhat higher rates of return compared to the rates of return calculated under the FERC's prior formula. The appeals have been denied. In June and July 1999, the FERC applied the new methodology in the third pipeline subsidiary rate case, as well as in a fourth case involving the same pipeline subsidiary. In March 2000, the FERC applied the new methodology in a fifth case involving a Williams interstate pipeline subsidiary, and certain parties have sought rehearing before the FERC in this proceeding. After evaluating the rehearing requests, Williams reduced its accrued liability for rate refunds in second-quarter 2000 by \$62.7 million of which \$58.8 million is included in Gas Pipeline's segment revenues and segment profit and \$3.9 million is included in Midstream Gas & Liquids' segment revenues and segment profit. An additional \$8.5 million of related interest is included as a reduction of interest accrued.

As a result of FERC Order 636 decisions in prior years, each of the natural gas pipeline subsidiaries has undertaken the reformation or termination of its respective gas supply contracts. None of the pipelines has any significant pending supplier take-or-pay, ratable take or minimum take claims.

In September 1995, Texas Gas received FERC approval of a settlement regarding Texas Gas' recovery of gas supply realignment costs. Through June 30, 2000, Texas Gas has paid approximately \$76 million and expects to pay no more than \$80 million for gas supply realignment costs, primarily as a result of contract terminations. Texas Gas has recovered approximately \$66 million, plus interest, in gas supply realignment costs.

On July 29, 1998, the FERC issued a Notice of Proposed Rulemaking (NOPR) and a Notice of Inquiry (NOI), proposing revisions to regulatory policies for interstate natural gas transportation service. In the NOPR, the FERC proposes to eliminate the rate cap on short-term transportation services and implement regulatory policies that are intended to maximize competition in the short-term transportation market, mitigate the ability of firms to exercise residual monopoly power and provide opportunities for greater flexibility in the provision of pipeline services and to revise certain other rate and certificate policies. In the NOI, the FERC sought comments on its pricing policies in the existing long-term market and pricing policies for new capacity. Williams filed comments on the NOPR and NOI in the second quarter of 1999. On February 9, 2000, the FERC issued a final rule, Order 637, in response to the comments received on the NOPR and NOI. The FERC adopts in Order 637 certain policies that it finds are necessary to adjust its current regulatory model to the needs of the evolving markets, but determines that any fundamental changes to its regulatory policy, which changes were raised and commented on in the NOPR and NOI, will be considered after further study and evaluation of the evolving

marketplace. Most significantly, in Order 637, the FERC (i) revises its pricing policy to waive, for a two-year period, the maximum price ceilings for short-term releases of capacity of less than one year, and (ii) permits

pipelines to file proposals to implement seasonal rates for short-term services and term-differentiated rates, subject to certain requirements including the requirement that a pipeline be limited to recovering its annual revenue requirement under those rates.

Environmental matters

Since 1989, Texas Gas and Transcontinental Gas Pipe Line have had studies under way to test certain of their facilities for the presence of toxic and hazardous substances to determine to what extent, if any, remediation may be necessary. Transcontinental Gas Pipe Line has responded to data requests regarding such potential contamination of certain of its sites. The costs of any such remediation will depend upon the scope of the remediation. At June 30, 2000, these subsidiaries had accrued liabilities totaling approximately \$26 million for these costs.

Certain Williams subsidiaries, including Texas Gas and Transcontinental Gas Pipe Line, have been identified as potentially responsible parties (PRP) at various Superfund and state waste disposal sites. In addition, these subsidiaries have incurred, or are alleged to have incurred, various other hazardous materials removal or remediation obligations under environmental laws. Although no assurances can be given, Williams does not believe that these obligations or the PRP status of these subsidiaries will have a material adverse effect on its financial position, results of operations or net cash flows.

Transcontinental Gas Pipe Line, Texas Gas and Williams Gas Pipelines Central (Central) have identified polychlorinated biphenyl (PCB) contamination in air compressor systems, soils and related properties at certain compressor station sites. Transcontinental Gas Pipe Line, Texas Gas and Central have also been involved in negotiations with the U.S. Environmental Protection Agency (EPA) and state agencies to develop screening, sampling and cleanup programs. In addition, negotiations with certain environmental authorities and other programs concerning investigative and remedial actions relative to potential mercury contamination at certain gas metering sites have been commenced by Central, Texas Gas and Transcontinental Gas Pipe Line. As of June 30, 2000, Central had accrued a liability for approximately \$11 million, representing the current estimate of future environmental cleanup costs to be incurred over the next six to 10 years. Texas Gas and Transcontinental Gas Pipe Line likewise had accrued liabilities for these costs which are included in the \$26 million liability mentioned above. Actual costs incurred will depend on the actual number of contaminated sites identified, the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA and other governmental authorities and other factors. Texas Gas, Transcontinental Gas Pipe Line and Central have deferred these costs as incurred pending recovery through future rates and other means.

In July 1999, Transcontinental Gas Pipe Line received a letter stating that the U.S. Department of Justice (DOJ), at the request of the EPA, intends to file a civil action against Transcontinental Gas Pipe Line arising from its waste management practices at Transcontinental Gas Pipe Line's compressor stations and metering stations in 11 states from Texas to New Jersey. DOJ stated in the letter that its complaint will seek civil penalties and injunctive relief under federal environmental laws. DOJ and Transcontinental Gas Pipe Line are discussing a settlement. While no specific amount was proposed, DOJ stated that any settlement must include an appropriate civil penalty for the alleged violations. Transcontinental Gas Pipe Line cannot reasonably estimate the amount of its potential liability, if any, at this time. However, Transcontinental Gas Pipe Line believes it has substantially addressed environmental concerns on its system through ongoing voluntary remediation and management programs.

Energy Services (WES) also accrues environmental remediation costs for its natural gas gathering and processing facilities, petroleum products pipelines, retail petroleum and refining operations and for certain facilities related to former propane marketing operations primarily related to soil and groundwater contamination. In addition, WES owns a discontinued petroleum refining facility that is being evaluated for potential remediation efforts. At June 30, 2000, WES and its subsidiaries had accrued liabilities totaling approximately \$41 million. WES accrues receivables related to environmental remediation costs based upon an estimate of amounts that will be reimbursed from state funds for certain expenses associated with underground storage tank problems and repairs. At June 30, 2000, WES and its subsidiaries had accrued receivables totaling \$16 million.

Williams Field Services (WFS), a WES subsidiary, received a Notice of Violation (NOV) from the EPA in February 2000. WFS received a contemporaneous letter from the DOJ indicating that DOJ will also be involved in the matter. The NOV alleged violations of the Clean Air Act at a gas processing plant. In April, WFS received a demand for payment in the amount of \$1.2 million from the DOJ. WFS disagrees with the assessment and related violations and plans to continue negotiations with the EPA and DOJ.

In connection with the 1987 sale of the assets of Agrico Chemical Company, Williams agreed to indemnify the purchaser for environmental cleanup costs resulting from certain conditions at specified locations, to the extent such costs exceed a specified amount. At June 30, 2000, Williams had approximately \$12 million accrued for such excess costs. The actual costs incurred will depend on the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA or other governmental authorities, and other factors.

Other legal matters

In connection with agreements to resolve take-or-pay and other contract

claims and to amend gas purchase contracts, Transcontinental Gas Pipe Line and Texas Gas each entered into certain settlements with producers which may require the indemnification of certain claims for additional royalties which the producers may be

required to pay as a result of such settlements. As a result of such settlements, Transcontinental Gas Pipe Line is currently defending two lawsuits brought by producers. In one of the cases, a jury verdict found that Transcontinental Gas Pipe Line was required to pay a producer damages of \$23.3 million including \$3.8 million in attorneys' fees. On June 8, 2000, Transcontinental Gas Pipe Line's appeal was denied by the Texas Court of Appeals, and the company is pursuing rehearing of the court's decision. In the other case, a producer has asserted damages, including interest calculated through December 31, 1997, of approximately \$6 million. Producers have received and may receive other demands, which could result in additional claims. Indemnification for royalties will depend on, among other things, the specific lease provisions between the producer and the lessor and the terms of the settlement between the producer and either Transcontinental Gas Pipe Line or Texas Gas. Texas Gas may file to recover 75 percent of any such additional amounts it may be required to pay pursuant to indemnities for royalties under the provisions of Order 528.

In 1998, the United States Department of Justice informed Williams that Jack Grynberg, an individual, had filed claims in the United States District Court for the District of Colorado under the False Claims Act against Williams and certain of its wholly owned subsidiaries including Williams Gas Pipelines Central, Kern River Gas Transmission, Northwest Pipeline, Williams Gas Pipeline Company, Transcontinental Gas Pipe Line Corporation, Texas Gas, Williams Field Services Company and Williams Production Company. Mr. Grynberg has also filed claims against approximately 300 other energy companies and alleges that the defendants violated the False Claims Act in connection with the measurement and purchase of hydrocarbons. The relief sought is an unspecified amount of royalties allegedly not paid to the federal government, treble damages, a civil penalty, attorneys' fees, and costs. On April 9, 1999, the United States Department of Justice announced that it was declining to intervene in any of the Grynberg qui tam cases, including the action filed against the Williams entities in the United States District Court for the District of Colorado. On October 21, 1999, the Panel on Multi-District Litigation transferred all of the Grynberg qui tam cases, including the ones filed against Williams, to the United States District Court for the District of Wyoming for pre-trial purposes. Motions to dismiss the complaints filed by various defendants, including Williams, are pending.

WCG and a subsidiary are named as defendants in various putative, nationwide class actions brought on behalf of all landowners on whose property the plaintiffs have alleged WCG installed fiber-optic cable without the permission of the landowner. WCG believes that installation of the cable containing the single fiber network that crosses over or near the putative class members' land does not infringe on their property rights. WCG also does not believe that the plaintiffs have sufficient basis for certification of a class action.

It is likely that WCG will be subject to other putative class action suits challenging its railroad or pipeline rights of way. WCG cannot quantify the impact of all such claims at this time. Thus, WCG cannot be certain that the plaintiffs' purported class action or other purported class actions, if successful, will not have a material adverse effect.

In addition to the foregoing, various other proceedings are pending against Williams or its subsidiaries which are incidental to their operations.

Summary

While no assurances may be given, Williams, based on advice of counsel, does not believe that the ultimate resolution of the foregoing matters, taken as a whole and after consideration of amounts accrued, insurance coverage, recovery from customers or other indemnification arrangements, will have a materially adverse effect upon Williams' future financial position, results of operations or cash flow requirements.

Commitments

Energy Marketing & Trading has entered into certain contracts giving Williams the right to receive fuel conversion and certain other services for purposes of generating electricity. At June 30, 2000, annual estimated committed payments under these contracts range from approximately \$20 million to \$383 million, resulting in total committed payments over the next 22 years of approximately \$7 billion.

11. Recent accounting standards

The FASB has issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard, as amended, will be effective for Williams beginning January 1, 2001. This standard requires that all derivatives be recognized as assets or liabilities in the balance sheet and that those instruments be measured at fair value. The effect of this standard on Williams' results of operations and financial position is being evaluated.

The FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation." This interpretation modifies the current practice of accounting for certain stock award agreements and is generally effective beginning July 1, 2000. The initial impact of this interpretation on Williams' results of operations and financial position will not be material.

At the July 2000 meeting, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-17, "Measuring the Fair Value of Energy-Related Contracts in Applying EITF Issue No. 98-10, 'Accounting for Contracts Involved in Energy Trading and Risk Management Activities.'" This Issue addresses how the fair value for energy-related contracts and any related energy purchase and sales contracts should be measured. This Issue is effective immediately upon issuance on a prospective basis and may initially have a material favorable impact to Williams' results of operations and financial position during third-quarter 2000. The actual impact of this Issue is being determined.

12. Comprehensive income

Comprehensive income is as follows:

(Millions)	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Net income	\$ 351.8	\$ 18.1	\$ 451.5	\$ 71.0
Other comprehensive income (loss):				
Unrealized gains on securities	222.9	11.0	363.5	131.6
Realized gains in net income	(251.3)	--	(282.8)	--
Foreign currency translation adjustments	(10.4)	1.1	(15.5)	(20.9)
Other comprehensive income (loss) before taxes and minority interest	(38.8)	12.1	65.2	110.7
Income tax benefit (provision) on other comprehensive income (loss)	11.2	(4.3)	(31.2)	(51.2)
Minority interest in other comprehensive income (loss)	6.1	--	(2.9)	--
Other comprehensive income (loss)	(21.5)	7.8	31.1	59.5
Comprehensive income	\$ 330.3	\$ 25.9	\$ 482.6	\$ 130.5

In first-quarter 2000, Williams entered into a derivative instrument that will expire in various stages throughout the remainder of 2000. Subsequent to June 30, 2000, Williams entered into another derivative instrument which will expire by fourth-quarter 2001. These derivative instruments are designed to hedge Williams' exposure to changes in the price of its investments in certain marketable equity securities. Changes in the fair value of the hedged marketable equity securities and the impact of the associated derivative instruments are currently reflected in other comprehensive income. The derivative instruments impact realized gains or losses from the sale of the hedged marketable equity securities.

13. Segment disclosures

Williams evaluates performance based upon segment profit (loss) from operations which includes revenues from external and internal customers, equity earnings (losses), operating costs and expenses, depreciation, depletion and amortization and income (loss) from investments. Intersegment sales are generally accounted for as if the sales were to unaffiliated third parties, that is, at current market prices. As a result of the assumption of investment management activities within the operating segments, the definition of segment profit (loss) was modified during first-quarter 2000 to include income (loss) from investments resulting from the management of investments in equity instruments. This income (loss) from investments is reported in investing income in the Consolidated Statement of Income. The prior year segment information has been restated to conform to the current period presentation. The primary components of income from investments included in segment profit (loss) are the gains from certain marketable equity securities (in Network) and the gain on the sale of investments in ATL-Algar Telecom Leste, S.A. (in Strategic Investments) (see Note 3).

Williams' reportable segments are strategic business units that offer different products and services. The segments are managed separately, because each segment requires different technology, marketing strategies and industry knowledge. Other includes investments in international energy and certain communications-related ventures, as well as corporate operations.

Prior year amounts of Communications' operating segments have been restated to reflect the first quarter 2000 segment realignment. In addition, prior period segment amounts within Energy Services have been restated to reflect the fourth quarter 1999 change in inventory valuation method and the first quarter 2000 transfer of certain Alaskan operations within Energy Services (see Note 2).

The increase in Energy Marketing & Trading's total assets, as noted on page 14, is due primarily to increased commodity prices within the trading portfolios. The following table reflects the reconciliation of operating income (loss) as reported in the Consolidated Statement of Income to segment profit (loss), per the tables on pages 13 and 14:

(Millions)	Three months ended June 30, 2000			Three months ended June 30, 1999		
	Operating Income (Loss)	Income from Investments	Segment Profit (Loss)	Operating Income (Loss)	Income from Investments	Segment Profit (Loss)
Gas Pipeline	\$ 215.2	\$ --	\$ 215.2	\$ 175.4	\$ --	\$ 175.4
Energy Services	411.6	--	411.6	105.9	--	105.9
Communications	(137.1)	251.3	114.2	(76.1)	--	(76.1)
Other	5.1	--	5.1	(5.0)	--	(5.0)
Total segments	494.8	\$ 251.3	\$ 746.1	200.2	\$ --	\$ 200.2
General corporate expenses	(20.9)			(16.6)		
Total operating income	\$ 473.9			\$ 183.6		

(Millions)	Six months ended June 30, 2000			Six months ended June 30, 1999		
	Operating Income (Loss)	Income from Investments	Segment Profit (Loss)	Operating Income (Loss)	Income from Investments	Segment Profit (Loss)
Gas Pipeline	\$ 412.5	\$ --	\$ 412.5	\$ 362.2	\$ --	\$ 362.2
Energy Services	616.7	--	616.7	231.0	--	231.0
Communications	(259.0)	303.0	44.0	(127.6)	--	(127.6)
Other	11.3	--	11.3	(22.0)	--	(22.0)
Total segments	781.5	\$ 303.0	\$ 1,084.5	443.6	\$ --	\$ 443.6
General corporate expenses	(40.3)			(33.5)		
Total operating income	\$ 741.2			\$ 410.1		

Notes (Continued)

13. Segment disclosures (continued)

(Millions)	Revenues				Segment Profit (Loss)
	External Customers	Inter-segment	Equity Earnings (Losses)	Total	
FOR THE THREE MONTHS ENDED JUNE 30, 2000					
GAS PIPELINE	\$ 471.3	\$ 14.3	\$ 6.4	\$ 492.0	\$ 215.2
ENERGY SERVICES					
Energy Marketing & Trading	980.8	(13.4)*	.1	967.5	268.8
Exploration & Production	16.5	55.2	--	71.7	10.0
Midstream Gas & Liquids	167.2	157.3	(.8)	323.7	71.9
Petroleum Services	684.7	409.5	(.2)	1,094.0	62.4
Merger-related costs and non-compete amortization	--	--	--	--	(1.5)
TOTAL ENERGY SERVICES	1,849.2	608.6	(.9)	2,456.9	411.6
COMMUNICATIONS					
Network	134.7	11.0	.6	146.3	161.0
Broadband Media	41.6	.1	(2.8)	38.9	(8.6)
Solutions	337.9	1.4	--	339.3	(34.7)
Strategic Investments	--	--	(1.8)	(1.8)	(3.5)
TOTAL COMMUNICATIONS	514.2	12.5	(4.0)	522.7	114.2
OTHER	22.8	10.5	.1	33.4	5.1
ELIMINATIONS	--	(645.9)	--	(645.9)	--
TOTAL	\$ 2,857.5	\$ --	\$ 1.6	\$ 2,859.1	\$ 746.1
FOR THE THREE MONTHS ENDED JUNE 30, 1999					
GAS PIPELINE	\$ 412.6	\$ 11.3	\$.6	\$ 424.5	\$ 175.4
ENERGY SERVICES					
Energy Marketing & Trading	414.4	(37.6)*	(.2)	376.6	13.2
Exploration & Production	10.9	32.1	--	43.0	7.0
Midstream Gas & Liquids	137.1	105.8	(5.6)	237.3	53.6
Petroleum Services	516.1	195.1	.1	711.3	34.8
Merger-related costs and non-compete amortization	--	--	--	--	(2.7)
TOTAL ENERGY SERVICES	1,078.5	295.4	(5.7)	1,368.2	105.9
COMMUNICATIONS					
Network	85.3	11.4	--	96.7	(25.7)
Broadband Media	40.4	.5	--	40.9	(4.2)
Solutions	359.4	--	--	359.4	(8.6)
Strategic Investments	12.8	.3	(4.9)	8.2	(37.6)
TOTAL COMMUNICATIONS	497.9	12.2	(4.9)	505.2	(76.1)
OTHER	18.0	9.8	(4.0)	23.8	(5.0)
ELIMINATIONS	--	(328.7)	--	(328.7)	--
TOTAL	\$ 2,007.0	\$ --	\$ (14.0)	\$ 1,993.0	\$ 200.2

*Energy Marketing & Trading intercompany cost of sales, which are netted in revenues consistent with fair value accounting, exceed intercompany revenue.

13. Segment disclosures (continued)

(Millions)	Revenues				Segment Profit (Loss)
	External Customers	Inter-segment	Equity Earnings (Losses)	Total	
FOR THE SIX MONTHS ENDED JUNE 30, 2000					
GAS PIPELINE	\$ 932.1	\$ 28.9	\$ 12.3	\$ 973.3	\$ 412.5
ENERGY SERVICES					
Energy Marketing & Trading	1,580.5	(7.8)*	.1	1,572.8	343.0
Exploration & Production	24.4	103.1	--	127.5	21.4
Midstream Gas & Liquids	339.5	311.5	.2	651.2	156.4
Petroleum Services	1,312.4	763.7	(.2)	2,075.9	100.1
Merger-related costs and non-compete amortization	--	--	--	--	(4.2)
TOTAL ENERGY SERVICES	3,256.8	1,170.5	.1	4,427.4	616.7
COMMUNICATIONS					
Network	253.7	22.2	1.0	276.9	102.7
Broadband Media	82.5	.1	(3.5)	79.1	(14.6)
Solutions	710.3	2.2	--	712.5	(56.8)
Strategic Investments	--	--	(4.6)	(4.6)	12.7
TOTAL COMMUNICATIONS	1,046.5	24.5	(7.1)	1,063.9	44.0
OTHER	45.6	20.7	.5	66.8	11.3
ELIMINATIONS	--	(1,244.6)	--	(1,244.6)	--
TOTAL	\$ 5,281.0	\$ --	\$ 5.8	\$ 5,286.8	\$ 1,084.5
FOR THE SIX MONTHS ENDED JUNE 30, 1999					
GAS PIPELINE	\$ 864.9	\$ 25.8	\$.7	\$ 891.4	\$ 362.2
ENERGY SERVICES					
Energy Marketing & Trading	821.0	(89.0)*	(.3)	731.7	55.2
Exploration & Production	12.1	58.4	--	70.5	11.7
Midstream Gas & Liquids	330.2	132.7	(7.9)	455.0	100.2
Petroleum Services	919.6	332.4	.3	1,252.3	70.7
Merger-related costs and non-compete amortization	--	--	--	--	(6.8)
TOTAL ENERGY SERVICES	2,082.9	434.5	(7.9)	2,509.5	231.0
COMMUNICATIONS					
Network	192.7	24.1	--	216.8	(48.2)
Broadband Media	79.0	1.3	--	80.3	(9.9)
Solutions	699.9	--	--	699.9	(17.7)
Strategic Investments	27.5	.6	(13.0)	15.1	(51.8)
TOTAL COMMUNICATIONS	999.1	26.0	(13.0)	1,012.1	(127.6)
OTHER	30.8	19.6	(20.4)	30.0	(22.0)
ELIMINATIONS	--	(505.9)	--	(505.9)	--
TOTAL	\$ 3,977.7	\$ --	\$ (40.6)	\$ 3,937.1	\$ 443.6

(Millions)	TOTAL ASSETS	
	June 30, 2000	December 31, 1999
GAS PIPELINE	\$ 8,716.5	\$ 8,628.5
ENERGY SERVICES		
Energy Marketing & Trading	6,206.4	3,209.7
Exploration & Production	592.7	618.6
Midstream Gas & Liquids	3,496.7	3,514.4
Petroleum Services	2,778.3	2,588.7
TOTAL ENERGY SERVICES	13,074.1	9,931.4
COMMUNICATIONS		
Network	4,578.7	4,079.8
Broadband Media	226.8	348.0
Solutions	1,176.7	1,537.6
Strategic Investments	531.4	412.5
TOTAL COMMUNICATIONS	6,513.6	6,377.9
OTHER	7,219.5	6,629.3
ELIMINATIONS	(7,126.6)	(6,278.6)
TOTAL	\$ 28,397.1	\$ 25,288.5

*Energy Marketing & Trading intercompany cost of sales, which are netted in revenues consistent with fair value accounting, exceed intercompany revenue.

Notes (Continued)

14. Asset acquisitions from related party

In June of 2000, WCG acquired interests in undersea communications cables between the United States and China, and between the United States and Japan, from SBC, a related party, for a purchase price of approximately \$111.4 million. In addition, WCG has entered into an agreement, expected to close in third-quarter 2000, to purchase certain long-distance network assets of Ameritech Communications, Inc., a subsidiary of SBC, for approximately \$145 million.

15. Subsequent events

Subsequent to June 30, 2000, Williams entered into several agreements to purchase various energy-related assets including a natural gas liquids (NGL) extraction plant and other NGL assets in Canada, an NGL pipeline in the United States and Canada and refined petroleum product terminals in the northeastern United States. Williams estimates the aggregate purchase price pursuant to these agreements to be no more than \$800 million. All agreements are expected to close by the end of 2000.

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

Results of Operations

Second Quarter 2000 vs. Second Quarter 1999

CONSOLIDATED OVERVIEW

Williams' revenues increased \$866 million, or 43 percent, due primarily to higher Energy Services' revenues from increased petroleum products and natural gas liquids average sales prices and volumes and higher electric power services revenues. Revenues also increased due to additional rate refund liability reductions at Gas Pipeline and growth in Communications' data and voice services. Partially offsetting these increases were lower Communications' revenues from new systems sales and upgrades.

Segment costs and expenses increased \$572 million, or 32 percent, due primarily to higher costs related to increased petroleum products and natural gas liquids average purchase prices and volumes, higher costs and expenses from growth of Communications' Network operations and infrastructure, higher variable compensation levels associated with improved performance at Energy Services and a \$25.9 million guarantee loss accrual at Energy Services. Partially offsetting these increases was the effect in 1999 of \$26.7 million of asset impairment charges and exit costs at Communications.

Operating income increased \$290 million, or 158 percent, due primarily to a \$306 million increase at Energy Services and a \$40 million increase at Gas Pipeline, partially offset by \$61 million higher losses at Communications. Energy Services' increase reflects improved electric power services margins and higher per-unit natural gas liquids margins, partially offset by higher variable compensation levels and the \$25.9 million guarantee loss accrual. Gas Pipeline's increase reflects increased reductions to rate refund liabilities in 2000. The increased losses at Communications reflect losses associated with providing customer services prior to completion of the new network, higher depreciation and network lease expense as the network is brought into service and higher selling, general and administrative expenses, including costs associated with infrastructure growth and improvement, partially offset by the effect in 1999 of \$26.7 million of asset impairment and exit costs.

Income before income taxes and cumulative effect of change in accounting principle increased \$521 million, from \$68 million in 1999 to \$589 million in 2000, due primarily to \$290 million higher operating income and \$275 million higher investing income. The increase in investing income reflects a \$214.7 million gain from the conversion of Williams' shares of Concentric Network Corporation's common stock into shares of NEXTLINK Communications, Inc.'s common stock pursuant to a merger of those companies in June 2000, gains totaling \$36.6 million from the sale of certain marketable equity securities and higher interest income. Partially offsetting was \$49 million higher net interest expense reflecting increased debt in support of continued expansion and new projects.

GAS PIPELINE

GAS PIPELINE'S revenues increased \$67.5 million, or 16 percent, due primarily to \$64 million of rate refund liability reductions associated mainly with the evaluation of a favorable Federal Energy Regulatory Commission (FERC) order received in March 2000 by Transcontinental Gas Pipe Line related to the rate-of-return and capital structure issues in a regulatory proceeding. Revenues also increased due to \$32 million higher gas exchange imbalance settlements (offset in costs and operating expenses), \$7 million higher transportation demand revenues and \$6 million higher equity investment earnings from pipeline joint venture projects. Partially offsetting these increases was a total of \$38 million of reductions to rate refund liabilities in 1999 by three of the gas pipelines resulting from second-quarter 1999 regulatory proceedings involving rate-of-return methodology.

Segment profit increased \$39.8 million, or 23 percent, due primarily to the \$26 million net effect of rate refund liability reductions discussed above, \$6 million higher equity investment earnings and lower professional services costs associated with year 2000 compliance work.

Based on current rate structures and/or historical maintenance schedules of certain of its pipelines, Gas Pipeline generally experiences lower segment profits in the second and third quarters as compared to the first and fourth quarters.

ENERGY SERVICES

ENERGY MARKETING & TRADING'S revenues increased \$590.9 million, or 157 percent, due to a \$330.3 million increase in trading revenues and a \$260.6 million increase in non-trading revenues. The \$330.3 million increase in trading revenues is due primarily to \$311 million higher electric power services margins reflecting higher contract origination revenues, favorable changes in forward power market prices, increased trading power volumes and increased demand and market prices for certain ancillary services in the western region. In addition, natural gas services trading revenues increased \$20 million due primarily to financial trading gains.

The \$260.6 million non-trading revenue increase is due primarily to \$258 million higher refined products marketing revenues and \$31 million higher natural gas liquids revenues resulting from higher average sales prices and

increased volumes. Recent expansions of the Memphis refinery were a significant contributor to the increased refined product marketing volumes. Partially

Management's Discussion and Analysis (Continued)

offsetting these increases were \$28 million lower revenues following the sale of the retail natural gas, electric and propane businesses in 1999.

Costs and operating expenses increased \$271.4 million, or 82 percent, due primarily to \$263 million higher refined products cost of sales associated with non-trading activities and \$31 million higher natural gas liquids cost of sales. Partially offsetting these increases were lower retail natural gas, electric and propane cost of sales and operating expenses of \$11 million and \$20 million, respectively. These variances result from the corresponding changes in non-trading revenues discussed above.

Other expense-net in 2000 includes a \$25.9 million guarantee loss accrual (see Note 4 of Notes to Consolidated Financial Statements) and a \$12.4 million gain on the sale of certain natural gas liquids contracts. Other expense-net in 1999 includes a \$5.6 million gain on the sale of certain retail gas and electric assets.

Segment profit increased \$255.6 million, from \$13.2 million in 1999 to \$268.8 million in 2000, due primarily to the \$311 million higher electric power services margins, \$20 million higher natural gas services margins and the \$12.4 million gain on the sale of certain natural gas liquids contracts. Partially offsetting these increases were \$46 million higher selling, general and administrative costs reflecting higher variable compensation levels associated with improved operating performance, the \$25.9 million guarantee loss accrual and the effect of the \$5.6 million gain on the sale of certain assets in 1999.

EXPLORATION & PRODUCTION'S revenues increased \$28.7 million, or 66 percent, due primarily to \$27 million from increased average natural gas sales prices.

Segment profit increased \$3 million, or 42 percent, due primarily to \$18 million higher profits from company-owned production. Largely offsetting were \$4 million lower margins from the marketing of natural gas from the Williams Coal Seam Gas Royalty Trust (Royalty Trust) and royalty interest owners, a \$4 million decrease in the recognition of income previously deferred from a 1997 transaction which transferred certain nonoperating economic benefits to a third party, \$3 million higher production-related taxes and \$2 million higher provision for nonproducing leasehold impairment.

MIDSTREAM GAS & LIQUIDS' revenues increased \$86.4 million, or 36 percent, due primarily to \$80 million higher natural gas liquids sales from processing activities. The liquids sales increase reflects \$48 million from a 63 percent increase in average natural gas liquids sales prices and \$32 million from a 74 percent increase in volumes sold. The increase in natural gas liquids sales volumes is a result of improved liquids market conditions and the contribution of a new plant which became operational in June 1999. In addition, revenues increased due to \$7 million higher natural gas liquids pipeline transportation revenues associated with increased shipments. Shipments increased due to improved market conditions and the completion of the Rocky Mountain liquids pipeline expansion project in November 1999.

Costs and operating expenses increased \$65.3 million, or 42 percent, due primarily to \$44 million higher liquids fuel and replacement gas purchases and higher transportation, depreciation and power costs.

Segment profit increased \$18.3 million, or 34 percent, due primarily to \$21 million from higher per-unit natural gas liquids margins reflecting increased petrochemical demand and higher crude oil prices and \$6 million from increased natural gas liquids volumes sold, partially offset by \$6.8 million higher general and administrative expenses.

PETROLEUM SERVICES' revenues increased \$382.7 million, or 54 percent, due primarily to \$335 million higher refinery revenues (including \$79 million higher intra-segment sales to the travel centers/convenience stores which are eliminated) and \$121 million higher travel center/convenience store sales. The \$335 million increase in refinery revenues reflects \$314 million from 79 percent higher average refined product sales prices and \$21 million from a 6 percent increase in refined product volumes sold. The increase in refined product volumes sold follows refinery expansions and improvements in mid-to-late 1999 which increased capacity. The \$121 million increase in travel center/convenience store sales reflects \$72 million from 33 percent higher average gasoline and diesel sales prices, \$45 million primarily from a 74 percent increase in diesel sales volumes and \$4 million higher merchandise sales. The increases in diesel sales volumes and merchandise sales reflect the opening of 13 new travel centers since second-quarter 1999. Additional travel centers are planned to open in 2000. In addition, revenues increased due to \$15 million higher ethanol sales reflecting both an increase in ethanol volumes sold and average ethanol sales prices, \$13 million higher product sales from transportation activities and \$10 million higher revenues from terminalling operations following the acquisition of additional terminals in August 1999, partially offset by \$23 million lower fleet management revenues following the sale of a portion of such operations in late 1999.

Costs and operating expenses increased \$351.8 million, or 54 percent, due primarily to \$323 million higher refining costs and \$122 million higher travel center/convenience store costs (including \$79 million higher intra-segment purchases from the refineries which are eliminated). The \$323 million increase in refining costs reflects \$295 million from higher crude supply costs and other related per-unit cost of sales, \$18 million associated with increased volumes sold and \$11 million higher operating costs at the refineries. The \$122 million increase in travel center/convenience store costs reflects

Management's Discussion and Analysis (Continued)

\$73 million from higher average gasoline and diesel purchase prices, \$42 million primarily from increased diesel sales volumes and \$12 million higher store operating costs, slightly offset by \$5 million lower merchandise costs of sales. In addition, costs and operating expenses increased due to \$11 million higher cost of product sales from transportation activities and \$11 million higher ethanol operating costs, offset by \$26 million lower fleet management operating costs following the sale of a portion of such operations in late 1999.

Segment profit increased \$27.6 million, or 79 percent, due primarily to \$23 million higher refinery gross margins, \$9 million higher gross profit from travel center/convenience store merchandise sales, \$7 million higher gross profit from product transportation operations and \$4 million from improved ethanol operations. Partially offsetting these increases were \$11 million and \$12 million of increased operating costs at the refineries and travel centers/convenience stores, respectively.

COMMUNICATIONS

NETWORK'S revenues increased \$49.6 million, or 51 percent, due primarily to \$49 million from growth in voice and data services provided to customers and \$12 million higher network design, operational support and other revenues, partially offset by \$8 million lower revenues from dark fiber leases accounted for as sales-type leases on the new fiber-optic network.

Costs and operating expenses increased \$96.1 million, or 108 percent, due primarily to \$46 million higher off-net capacity and local access connection costs associated with providing increased customer services, \$18 million higher depreciation expense as portions of the new network are placed into service, \$15 million higher operating and maintenance expenses to support the increased revenues and future revenue streams and \$13 million higher network lease expense for the leased portion of the network.

Selling, general and administrative expenses increased \$20.3 million, or 62 percent, due primarily to costs associated with adding resources and infrastructure required to increase and serve a growing customer base as more of the network is installed and lit.

Segment profit increased \$186.7 million, from a \$25.7 million segment loss in 1999 to a \$161 million segment profit in 2000. This increase is due primarily to a \$214.7 million gain from the conversion of Williams' shares of Concentric Network Corporation's common stock into shares of NEXTLINK Communications, Inc.'s common stock pursuant to a merger of those companies in June 2000 and gains totaling \$36.6 million from the sales of certain marketable equity securities (see Note 3). Partially offsetting these increases were losses associated with providing customer services off-net prior to completion of the new network, \$31 million higher depreciation and network lease expense and \$20.3 million higher selling, general and administrative expenses.

BROADBAND MEDIA'S revenues decreased \$2 million, or 5 percent, and segment loss increased \$4.4 million, or 104 percent, due primarily to \$3 million of equity investment losses.

SOLUTIONS' revenues decreased \$20.1 million, or 6 percent, due primarily to \$30 million lower revenues from new systems sales and upgrades, partially offset by \$7 million higher maintenance and customer service orders. Solutions' revenue recognition policy for new system sales and upgrades was changed from the percentage-of-completion method to the completed-contract method effective January 1, 2000 (see Note 6). If second-quarter 1999 were determined using the completed-contract method, the decrease in revenues would have been \$18.9 million, or 5 percent.

Selling, general and administrative expenses increased \$8.3 million, or 8 percent, due primarily to a \$12 million increase in the provision for uncollectible trade receivables reflecting increased aging of accounts due to significant historical billing and collection issues, partially offset by \$3 million of expense in 1999 associated with a Williams-wide incentive program.

Segment loss increased \$26.1 million, to \$34.7 million in 2000 from \$8.6 million in 1999, due primarily to lower revenues and a higher provision for uncollectible trade receivables. If second-quarter 1999 were determined using the completed-contract method, the increase in segment loss would have been \$26 million.

STRATEGIC INVESTMENTS' revenues decreased \$10 million due primarily to the \$12 million effect of the July 1999 sale of the audio and video conferencing and closed-circuit video broadcasting businesses, partially offset by \$3 million lower equity investment losses following the first-quarter 2000 sale of a portion of the investment in ATL-Algar Telecom Leste S.A. (ATL).

Costs and operating expenses decreased \$10.6 million and selling, general and administrative expenses decreased \$7 million due primarily to the sale of the audio and video conferencing and closed-circuit video broadcasting businesses.

Segment loss decreased \$34.1 million, or 91 percent, due primarily to \$26.7 million of asset impairment charges and exit costs in 1999 (included in other expense-net within segment costs and expenses) relating to management's decision and commitment to sell the audio and video conferencing and closed-circuit video broadcasting businesses (see Note 4), a \$6 million effect of businesses that were generating losses that have been sold or otherwise exited and \$3 million lower equity investment losses.

Management's Discussion and Analysis (Continued)

OTHER

OTHER revenues increased \$9.6 million, or 41 percent, and segment profit improved \$10.1 million, from a \$5 million segment loss in 1999 to a \$5.1 million segment profit in 2000. These improvements were due primarily to \$7 million lower international equity investment losses reflecting the change in accounting for an equity investment to a cost basis investment following a reduction of management influence.

CONSOLIDATED

INTEREST ACCRUED increased \$82 million, or 61 percent, due primarily to the \$37 million effect of higher borrowing levels combined with the \$44 million effect of higher average interest rates. These increases reflect the issuance of \$2 billion of high-yield public debt in October 1999 by Communications. Interest capitalized increased \$33.5 million, from \$17.5 million in 1999 to \$51 million in 2000, due primarily to increased capital expenditures for the fiber-optic network. Investing income increased \$274.8 million, from \$5.6 million in 1999 to \$280.4 million in 2000, due primarily to \$251.3 million of gains from sales/conversion of investments previously discussed within Communications' segment profit and \$19 million higher interest income associated primarily with the investment of proceeds from Communications' equity and debt offerings.

The provision for income taxes increased \$187.8 million, from \$49.5 million in 1999 to \$237.3 million in 2000, due to higher pre-tax income, partially offset by a lower effective income tax rate. The effective income tax rate in 2000 exceeds the federal statutory rate due primarily to the effects of state income taxes. The effective income tax rate in 1999 is significantly higher than the federal statutory rate due primarily to the impact of goodwill not deductible for tax purposes related to assets impaired during the second quarter of 1999 (see Note 4) and the effects of state income taxes.

Six Months Ended June 30, 2000 vs. Six Months Ended June 30, 1999

CONSOLIDATED OVERVIEW

Williams' revenues increased \$1.35 billion, or 34 percent, due primarily to higher Energy Services' revenues from increased petroleum products and natural gas liquids average sales prices and volumes and higher electric power services revenues. Revenues also increased due to additional rate refund liability reductions at Gas Pipeline and growth in Communications' data and voice services. Partially offsetting these increases were lower retail natural gas, electric and propane revenues following the 1999 sale of these businesses and lower Communications' dark fiber lease revenues.

Segment costs and expenses increased \$1.01 billion, or 29 percent, due primarily to higher costs related to increased petroleum products and natural gas liquids average purchase prices and volumes, higher costs and expenses from growth of Communications' Network operations and infrastructure, higher variable compensation levels associated with improved performance at Energy Services and a \$25.9 million guarantee loss accrual at Energy Services. Partially offsetting these increases were lower retail natural gas, electric and propane costs following the sale of these businesses in 1999, lower construction costs associated with Communications' dark fiber leases and the effect in 1999 of \$26.7 million of asset impairment charges and exit costs at Communications.

Operating income increased \$331 million, or 81 percent, due primarily to a \$386 million increase at Energy Services and a \$50 million increase at Gas Pipeline, partially offset by \$131 million higher losses at Communications. Energy Services' increase reflects improved electric power services margins and higher per-unit natural gas liquids margins, partially offset by higher variable compensation levels, the \$25.9 million guarantee loss accrual and a \$29 million lower contribution from retail natural gas, electric and propane following the sale of these businesses in 1999. Gas Pipeline's increase reflects increased reductions to rate refund liabilities in 2000. The increased losses at Communications reflect losses associated with providing customer services prior to completion of the new network, higher depreciation and network lease expense as the network is brought into service and higher selling, general and administrative expenses, including costs associated with infrastructure growth and improvement, partially offset by the effect in 1999 of \$26.7 million of asset impairment and exit costs.

Income before income taxes and cumulative effect of change in accounting principle increased \$617 million, from \$168 million in 1999 to \$785 million in 2000, due primarily to \$331 million higher operating income and \$369 million higher investing income. The increase in investing income reflects a \$214.7 million gain from the conversion of Williams' shares of Concentric Network Corporation's common stock into shares of NEXTLINK Communications, Inc.'s common stock pursuant to a merger of those companies in June 2000, gains totaling \$68.1 million from the sale of certain marketable equity securities, a \$16.5 million gain on the sale of a portion of the investment in ATL and higher interest income. Partially offsetting was \$105 million higher net interest expense reflecting increased debt in support of continued expansion and new projects.

Management's Discussion and Analysis (Continued)

GAS PIPELINE

GAS PIPELINE'S revenues increased \$81.9 million, or 9 percent, due primarily to \$71 million of rate refund liability reductions associated mainly with the evaluation of a favorable FERC order received in March 2000 by Transcontinental Gas Pipe Line related to the rate-of-return and capital structure issues in a regulatory proceeding. Revenues also increased due to \$33 million higher gas exchange imbalance settlements (offset in costs and operating expenses), \$15 million higher transportation demand revenues and \$12 million higher equity investment earnings from pipeline joint venture projects. Partially offsetting these increases was a total of \$41 million of reductions to rate refund liabilities in 1999 by three of the gas pipelines resulting primarily from second-quarter 1999 regulatory proceedings involving rate-of-return methodology.

Segment profit increased \$50.3 million, or 14 percent, due primarily to the \$30 million net effect of rate refund liability reductions discussed above, \$15 million higher transportation demand revenues, \$12 million higher equity investment earnings and lower professional services costs associated with year 2000 compliance work. Partially offsetting were \$6 million of accruals for gas exchange imbalances and \$4 million of costs associated with consolidating the office headquarters of two of the pipelines.

Based on current rate structures and/or historical maintenance schedules of certain of its pipelines, Gas Pipeline generally experiences lower segment profits in the second and third quarters as compared to the first and fourth quarters.

ENERGY SERVICES

ENERGY MARKETING & TRADING'S revenues increased \$841.1 million, or 115 percent, due to a \$385.8 million increase in trading revenues and a \$455.3 million increase in non-trading revenues. The \$385.8 million increase in trading revenues is due primarily to \$408 million higher electric power services margins reflecting higher contract origination revenues, favorable changes in forward power market prices, increased power trading volumes and \$49 million from increased demand and market prices for certain ancillary services in the western region. Slightly offsetting these increases were \$9 million lower natural gas services trading margins, \$7 million lower crude oil and refined products trading margins and \$7 million lower natural gas liquids trading margins.

The \$455.3 million increase in non-trading revenues is due primarily to \$566 million higher refined products marketing revenues and \$39 million higher natural gas liquids revenues resulting from higher average sales prices and increased volumes. Recent expansions of the Memphis refinery were a significant contributor to the increased refined products marketing volumes. Partially offsetting these increases were \$151 million lower revenues following the sale of the retail natural gas, electric and propane businesses in 1999.

Costs and operating expenses increased \$492.2 million, or 82 percent, due primarily to \$573 million higher refined products cost of sales associated with non-trading activities and \$31 million higher natural gas liquids cost of sales. Partially offsetting these increases were lower natural gas, electric and propane cost of sales and operating expenses of \$77 million and \$45 million, respectively. These variances result from the corresponding changes in non-trading revenues discussed above.

Other expense-net in 2000 includes a \$25.9 million guarantee loss accrual (see Note 4) and a \$12.4 million gain on the sale of certain natural gas liquids contracts. Other expense-net in 1999 includes a \$5.6 million gain on the sale of certain retail gas and electric assets.

Segment profit increased \$287.8 million, from \$55.2 million in 1999 to \$343 million in 2000, due primarily to \$408 million higher electric power services margins and the \$12.4 million gain on the sale of certain natural gas liquids contracts. Partially offsetting these increases were \$43 million higher selling, general and administrative costs reflecting higher variable compensation levels associated with the improved operating performance, a \$29 million lower contribution from retail natural gas, electric and propane following the sale of the businesses in 1999, the \$25.9 million guarantee loss accrual, \$9 million lower natural gas services margins and \$13 million lower crude and refined products margins.

At the July 2000 meeting, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-17, "Measuring the Fair Value of Energy-Related Contracts in Applying EITF Issue No. 98-10, 'Accounting for Contracts Involved in Energy Trading and Risk Management Activities.'" This Issue addresses how the fair value for energy-related contracts and any related energy purchase and sales contracts should be measured. This Issue is effective immediately upon issuance on a prospective basis and may initially have a material favorable impact to Energy Marketing & Trading's results of operations and financial position during third-quarter 2000. The actual impact of this Issue is being determined.

EXPLORATION & PRODUCTION'S revenues increased \$57 million, or 81 percent, due primarily to \$42 million from increased average natural gas sales prices, an \$8 million contribution in first-quarter 2000 from oil and gas properties acquired in April 1999, and \$10 million associated with increases in both company-owned production volumes and marketing volumes from the Royalty Trust and royalty interest owners. Partially offsetting was a \$6 million decrease in the recognition of income previously deferred from a 1997 transaction which transferred certain nonoperating economic benefits to a third party.

Management's Discussion and Analysis (Continued)

Segment profit increased \$9.7 million, or 82 percent, due primarily to \$22 million higher profits from company-owned production and a \$6 million contribution in first-quarter 2000 from the April 1999 acquisition. Partially offsetting were \$8 million lower margins from the marketing of natural gas, \$6 million decreased recognition of deferred income and \$4 million higher production-related taxes.

MIDSTREAM GAS & LIQUIDS' revenues increased \$196.2 million, or 43 percent, due primarily to \$161 million higher natural gas liquids sales from processing activities. The liquids sales increase reflects \$109 million from an 84 percent increase in average natural gas liquids sales prices and \$52 million from a 66 percent increase in volumes sold. The increase in natural gas liquids sales volumes is a result of improved liquids market conditions and the contribution of a new plant which became operational in June 1999. In addition, revenues increased due to \$20 million higher natural gas liquids pipeline transportation revenues associated with increased shipments, \$8 million improved equity investment earnings mainly from the Discovery pipeline project and \$6 million higher processing revenues. The increased natural gas liquids pipeline shipments reflect improved market conditions and the completion of the Rocky Mountain liquids pipeline expansion in November 1999.

Costs and operating expenses increased \$124.5 million, or 41 percent, due primarily to \$75 million higher liquids fuel and replacement gas purchases, \$12 million of losses associated with certain propane storage transactions and higher transportation, depreciation and power costs.

General and administrative expenses increased \$18.7 million, or 39 percent, due primarily to \$12 million of reorganization costs, \$2 million higher legal expenses and \$3 million higher incentive compensation expense. Midstream is completing the reorganization of its operations including the consolidation in Tulsa of certain support functions previously located in Salt Lake City and Houston. In connection with this, Williams offered certain employees enhanced retirement benefits under an early retirement incentive program in first-quarter 2000, and incurred severance, relocation and other exit costs. Midstream expects one-year cost savings to exceed these charges.

Segment profit increased \$56.2 million, or 56 percent, due primarily to \$68 million from higher per-unit natural gas liquids margins, \$7 million from increased natural gas liquids volumes sold and \$8 million improved equity investment earnings. Partially offsetting were \$12 million of propane storage losses and \$18.7 million higher general and administrative expenses.

PETROLEUM SERVICES' revenues increased \$823.6 million, or 66 percent, due primarily to \$715 million higher refinery revenues (including \$176 million higher intra-segment sales to the travel centers/convenience stores which are eliminated) and \$256 million higher travel center/convenience store sales. The \$715 million increase in refinery revenues reflects \$648 million from 95 percent higher average refined product sales prices and \$66 million from an 11 percent increase in refined product volumes sold. The increase in refined product volumes sold follows refinery expansions and improvements in mid-to-late 1999 which increased capacity. The \$256 million increase in travel center/convenience store sales reflects \$156 million from 40 percent higher average gasoline and diesel sales prices, \$88 million primarily from an 80 percent increase in diesel sales volumes and \$12 million higher merchandise sales. The increases in diesel sales volumes and merchandise sales reflect the opening of 13 new travel centers since second-quarter 1999. Additional travel centers are planned to open in 2000. Revenues also increased due to \$35 million higher ethanol sales reflecting both an increase in ethanol volumes sold and average ethanol sales prices, \$18 million higher revenues from terminalling operations following the acquisition of additional terminals in August 1999, \$19 million higher product sales from transportation activities and \$12 million higher revenues from a petrochemical plant acquired in March 1999. Slightly offsetting these increases were \$36 million lower fleet management revenues following the sale of a portion of such operations in late 1999, \$12 million lower pipeline construction revenues following substantial completion of the project and \$6 million lower distribution revenues due to a reduction of the propane trucking operations.

Costs and operating expenses increased \$782.3 million, or 69 percent, due primarily to \$704 million higher refining costs and \$262 million higher travel center/convenience store costs (including \$176 million higher intra-segment purchases from the refineries which are eliminated). The \$704 million increase in refining costs reflects \$630 million from higher crude supply costs and other related per-unit cost of sales, \$54 million associated with increased volumes sold and \$20 million higher operating costs at the refineries. The \$262 million increase in travel center/convenience store costs includes \$161 million from higher average gasoline and diesel purchase prices, \$82 million primarily from increased diesel sales volumes and \$20 million higher store operating costs. In addition, costs and operating expenses increased due to \$25 million higher ethanol operating costs, \$15 million higher cost of product sales from transportation activities and \$12 million higher terminalling costs following the August 1999 acquisition of additional terminals. Slightly offsetting these increases were \$40 million lower fleet management operating costs following the sale of a portion of such operations in late 1999, \$11 million lower pipeline construction costs following substantial completion of the pipeline project and \$10 million lower costs of distribution activities following a reduction of the propane trucking operations.

Segment profit increased \$29.4 million, or 42 percent, due primarily to \$18 million from higher per-unit refinery margins, \$13 million from increased refined product volumes sold and \$13 million higher gross profit from travel center/convenience store merchandise sales. In addition, segment profit increased due to \$9 million higher gross profit from product transportation operations, \$9 million from improved ethanol operations, \$6 million from activities at the petrochemical plant acquired in March 1999 and \$6 million from increased terminalling activities following the 1999 acquisition. Partially offsetting these increases were \$20 million higher operating costs at the refineries, \$20 million higher operating costs at the travel centers/convenience stores, \$6 million higher selling, general and administrative expenses and the \$4 million favorable effect in 1999 of the recovery of environmental costs previously expensed.

COMMUNICATIONS

NETWORK'S revenues increased \$60.1 million, or 28 percent, due primarily to \$95 million from growth in voice and data services provided to customers and \$10 million higher network design, operational support and other revenues, partially offset by \$39 million lower revenues from dark fiber leases accounted for as sales-type leases on the new fiber-optic network and \$8 million lower revenue from an Australian telecommunications operation. A second-quarter 2000 decision by the Federal Communications Commission allowing SBC Communications, Inc. to sell long-distance service in Texas will contribute to the expected future revenue growth.

Costs and operating expenses increased \$154.4 million, or 74 percent, due primarily to \$88 million higher off-net capacity and local access connection costs associated with providing increased customer services, \$34 million higher depreciation expense as portions of the new network are placed into service, \$35 million higher operating and maintenance expenses to support the increased revenues and future revenue streams, \$25 million higher network lease expense for the leased portion of the network and \$7 million higher ad valorem tax accruals. Partially offsetting these increases were \$30 million lower construction costs associated with dark fiber leases accounted for as sales-type leases.

Selling, general and administrative expenses increased \$40 million, or 72 percent, due primarily to costs associated with adding resources and infrastructure required to increase and serve a growing customer base as more of the network is installed and lit.

Segment profit increased \$150.9 million, from a \$48.2 million segment loss in 1999 to a \$102.7 million segment profit in 2000. This increase is due primarily to a \$214.7 million gain from the conversion of Williams' shares of Concentric Network Corporation's common stock into shares of NEXTLINK Communications, Inc.'s common stock pursuant to a merger of those companies in June 2000 and gains totaling \$68.1 million from the sales of certain marketable equity securities (see Note 3). Partially offsetting these increases were losses associated with providing customer services off-net prior to completion of the new network, \$59 million higher depreciation and network lease expense and \$40 million higher selling, general and administrative expenses.

BROADBAND MEDIA'S revenues decreased \$1.2 million, or 1 percent, and segment loss increased \$4.7 million, or 48 percent, due primarily to \$3.5 million of equity investment losses.

SOLUTIONS' revenues increased \$12.6 million, or 2 percent, due primarily to \$16 million higher maintenance and customer service orders and \$11 million higher other revenues, partially offset by \$14 million lower new systems sales and upgrades. Solutions' revenue recognition policy for new system sales and upgrades was changed from the percentage-of-completion method to the completed-contract method effective January 1, 2000 (see Note 6). If the six months ended June 30, 1999, were determined using the completed-contract method, the increase in revenues would have been \$42.4 million, or 6 percent.

Costs and operating expenses increased \$36.2 million, or 7 percent. This increase exceeds the related revenue increase discussed above due primarily to increased installation and service costs and competitive pressures. If the six months ended June 30, 1999, were determined using the completed-contract method, the increase in costs and operating expenses would have been \$57.8 million, or 12 percent.

Selling, general and administrative expenses increased \$15.7 million, or 8 percent, due primarily to a \$9 million increase in the provision for uncollectible trade receivables reflecting increased aging of accounts due to significant historical billing and collection issues and \$6 million higher depreciation and amortization primarily attributable to systems implemented in third-quarter 1999.

Segment loss increased \$39.1 million, to \$56.8 million in 2000 from \$17.7 million in 1999, due primarily to lower margins and higher selling, general and administrative expenses. If the six months ended June 30, 1999, were determined using the completed-contract method, the increase in segment loss would have been \$30.9 million.

STRATEGIC INVESTMENTS' revenues decreased \$19.7 million due primarily to the \$28 million effect of the July 1999 sale of the audio and video conferencing and closed-circuit video broadcasting businesses, partially offset by \$8 million lower equity investment losses following the first quarter 2000 sale of a portion of the investment in ATL.

Management's Discussion and Analysis (Continued)

Costs and operating expenses decreased \$22 million and selling, general and administrative expenses decreased \$15.3 million due primarily to the sale of the audio and video conferencing and closed-circuit video broadcasting businesses.

Segment profit increased \$64.5 million, to \$12.7 million in 2000 from a \$51.8 million segment loss in 1999, due primarily to \$26.7 million of asset impairment charges and exit costs in 1999 (included in other expense-net within segment costs and expenses) relating to management's decision and commitment to sell the audio and video conferencing and closed-circuit video broadcasting businesses (see Note 4), a \$16.5 million gain on the sale of a portion of the investment in ATL in first-quarter 2000 (see Note 3), a \$12 million effect of businesses that were generating losses that have been sold or otherwise exited, \$8 million lower equity investment losses and \$3.7 million of dividends from a telecommunications investment.

OTHER

OTHER revenues increased \$36.8 million, from \$30 million in 1999, and segment profit improved \$33.3 million, from a \$22 million segment loss in 1999 to an \$11.3 million segment profit in 2000. These improvements were due primarily to \$11 million higher Venezuelan gas compression revenues and \$25 million lower international equity investment losses. The \$11 million higher Venezuelan gas compression revenues reflect higher volumes in 2000 following operational problems experienced in first-quarter 1999. The \$25 million lower international equity investment losses reflect the change in accounting for an equity investment to a cost basis investment following a reduction of management influence. In addition, the lower international equity investment losses reflect the consolidation of a partially-owned subsidiary previously accounted for as an equity investment following additional investments in the subsidiary.

CONSOLIDATED

INTEREST ACCRUED increased \$166.8 million, or 60 percent, due primarily to the \$85 million effect of higher borrowing levels combined with the \$76 million effect of higher average interest rates. These increases reflect the issuance of \$2 billion of high-yield public debt in October 1999 by Communications. Interest capitalized increased \$61.7 million, from \$26.9 million in 1999 to \$88.6 million in 2000, due primarily to increased capital expenditures for the fiber-optic network. Investing income increased \$368.6 million, from \$12.3 million in 1999 to \$380.9 million in 2000, due primarily to \$303 million of gains from sales/conversion of investments and dividends previously discussed within Communications' segment profit and \$54 million higher interest income associated primarily with the investment of proceeds from Communications' equity and debt offerings. Minority interest in (income) loss and preferred returns of consolidated subsidiaries is \$17 million favorable to 1999 due primarily to the effect of the 14.7 percent minority ownership interest in Communications following the October 1999 initial public offering and higher losses experienced by Williams Communications Solutions, LLC which has a 30 percent interest held by a minority shareholder.

The provision for income taxes increased \$220.5 million, from \$91 million in 1999 to \$311.5 million in 2000, due to higher pre-tax income, partially offset by a lower effective income tax rate. The effective income tax rate in 2000 exceeds the federal statutory rate due primarily to the effects of state income taxes, partially offset by the tax benefit of permanent basis differences on certain assets sold during the first quarter. The effective income tax rate in 1999 is significantly higher than the federal statutory rate due primarily to the impact of goodwill not deductible for tax purposes related to assets impaired during the second quarter of 1999 (see Note 4) and the effects of state income taxes.

The \$21.6 million cumulative effect of change in accounting principle in 2000 relates to Solutions' change in revenue recognition policy from the percentage-of-completion method to the completed-contract method (see Note 6). The \$5.6 million cumulative effect of change in accounting principle in 1999 relates to the adoption of Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" (see Note 6).

Financial Condition and Liquidity

Liquidity

Williams considers its liquidity to come from both internal and external sources. Certain of those sources are available to Williams (parent) and certain of its subsidiaries while others can only be utilized by Communications. Williams' unrestricted sources of liquidity, which can be utilized without limitation under existing loan covenants, consist primarily of the following:

- o Available cash-equivalent investments of \$18 million at June 30, 2000, as compared to \$494 million at December 31, 1999.
- o \$500 million available under Williams' \$1 billion bank-credit facility at June 30, 2000, as compared to \$475 million at December 31, 1999. Subsequent to June 30, 2000, Williams' \$1 billion bank-credit facility was terminated and replaced with a \$700 million bank-credit facility.

- o \$213 million available under Williams' \$1.4 billion commercial paper program at June 30, 2000, as compared to \$154 million at December 31, 1999. Subsequent to June 30, 2000, the commercial paper program was increased to \$1.7 billion.
- o Cash generated from operations.
- o Short-term uncommitted bank lines can also be used in managing liquidity.

Williams' sources of liquidity restricted to use by Communications consist primarily of the following:

- o Available cash-equivalent investments and short-term investments totaling \$304 million at June 30, 2000, as compared to \$1.9 billion at December 31, 1999.
- o Communications' \$1.05 billion bank-credit facility under which no borrowings were outstanding at June 30, 2000, or December 31, 1999.
- o Marketable equity securities with a market value of approximately \$574 million as of June 30, 2000, some of which may be disposed of from time to time.

In June 2000, Williams filed a \$1.5 billion shelf registration statement with the Securities and Exchange Commission to issue a variety of debt or equity securities. This registration statement became effective in July 2000. In addition, there are other outstanding registration statements filed with the Securities and Exchange Commission for Williams and Northwest Pipeline, Texas Gas Transmission and Transcontinental Gas Pipe Line (each a wholly-owned subsidiary of Williams) with approximately \$755 million of shelf availability remaining which may be used to issue a variety of debt or equity securities. Interest rates and market conditions will affect amounts borrowed, if any, under these arrangements. Williams believes additional financing arrangements, if required, can be obtained on reasonable terms.

In August 2000, Communications issued approximately \$1 billion of senior redeemable notes in a private placement. The senior redeemable notes consist of \$575 million of 11.7 percent notes due 2008 and \$425 million of 11.875 percent notes due 2010. Communications' ability to borrow under its bank credit facility is dependent upon compliance with specified covenants and conditions. Although the facility provides for a total commitment of \$1.05 billion, based on Communications' ratio of debt to contributed capital after giving effect to the private placement, only \$219 million could be borrowed under the bank-credit facility without issuing additional equity or amending the facility.

In 2000, capital expenditures and investments are estimated to total approximately \$5.8 billion, including approximately \$3 billion at Communications. Williams expects to fund capital and investment expenditures, debt payments and working-capital requirements through (1) cash generated from operations, (2) the use of the available portion of Williams' bank-credit facility, (3) commercial paper, (4) short-term uncommitted bank lines, (5) private borrowings and/or (6) debt or equity public offerings. In addition, Communications' capital and investment expenditures, debt payments and working-capital requirements are also expected to be funded with (1) the remaining proceeds from its 1999 initial equity and high-yield debt offerings, (2) its \$1.05 billion bank-credit facility, (3) private borrowings and/or (4) debt or equity public offerings.

Financing Activities

In January 2000, Williams issued \$500 million of adjustable rate notes due 2001 at an initial interest rate of approximately 6.5 percent. Proceeds were used for general corporate purposes, including the repayment of outstanding debt.

In April 2000, Williams entered into a \$400 million three-year term bank-credit facility and at June 30, 2000, has borrowed \$400 million under the facility. The proceeds were used for general corporate purposes, including the repayment of outstanding debt.

The long-term debt to debt-plus-equity ratio was 60.9 percent at June 30, 2000, compared to 62.3 percent at December 31, 1999. If short-term notes payable and long-term debt due within one year are included in the calculations, these ratios would be 64.7 percent at June 30, 2000, and 65.9 percent at December 31, 1999.

Investing Activities

The increase in capital expenditures in 2000 as compared to 1999 is mainly associated with the construction of Communications' fiber-optic network.

In June 2000, Williams purchased a liquified natural gas facility for \$148 million in cash.

During 2000, Communications sold portions of its investments in certain marketable equity securities for approximately \$81 million in cash and a portion of its investment in ATL for approximately \$168 million in cash. Communications subsequently advanced \$150 million to ATL (see Note 3). In addition, Communications made approximately \$96 million of investments in and advances to various communications businesses in 2000.

Subsequent to June 30, 2000, Williams entered into several agreements to

purchase various energy-related assets including a natural gas liquids (NGL) extraction plant and other NGL assets in Canada, an NGL pipeline in the United States and Canada and refined petroleum product terminals in the northeastern United States. Williams estimates the aggregate purchase price pursuant to these agreements to be no more than \$800 million, which is included in the \$5.8 billion estimated 2000 capital expenditures and investments discussed above. All agreements are expected to close by the end of 2000.

Other

In July 2000, the board of directors of Williams authorized management to pursue a course of action that, if successful and approved by the board, would lead to a greater or complete separation of Williams' energy and communications businesses. Williams has received a favorable Internal Revenue Service ruling on the proposed tax free spin-off of the communications business to Williams' shareholders. The specific course of action has not been determined, but is envisioned to occur within the next 18 months. Certain debt agreements include covenants or other restrictions that would require amendment or waivers from lenders before such an action could be completed.

ITEM 3.
 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT
 MARKET RISK

INTEREST RATE RISK

William's interest rate risk exposure associated with its short-term investments has been reduced since December 31, 1999 as a result of the decrease in short-term investments from approximately \$1.4 billion at December 31, 1999 to approximately \$33 million at June 30, 2000. However, subsequent to June 30, 2000, Williams' communications business, WCG, received net proceeds from the sale of notes in a private placement of \$1 billion which was invested primarily in short-term debt securities.

Interest rate risk exposure, as it relates to the debt portfolio, was impacted by new debt issuances. During first-quarter 2000, Williams issued \$500 million in adjustable rate debt due in 2001 at an initial rate of approximately 6.5 percent. Proceeds were used to repay \$100 million of variable rate debt and \$300 million of 5.95 percent fixed rate debt. During second-quarter 2000, Williams entered into a \$400 million three-year term bank loan agreement. Interest rates vary and are based on LIBOR plus one percent. A total of \$400 million was borrowed under this facility at weighted average rate of 7.7 percent. Subsequent to June 30, 2000, Williams' communications business, WCG, issued \$1 billion in debt obligations consisting of \$575 million in 11.7 percent notes due 2008 and \$425 million in 11.875 percent notes due 2010.

FOREIGN CURRENCY RISK

In first-quarter 2000, Williams advanced approximately \$150 million to ATL, denominated in Brazilian reals, which subjects Williams to foreign currency fluctuations. The value of the advance is \$143.7 million based on the current exchange rate of the Brazilian real to the U.S. dollar at June 30, 2000.

Management has historically not utilized derivatives or other financial instruments to hedge the risk associated with the movement in foreign currencies. However, management continually monitors fluctuations in these currencies and will consider the use of derivative financial instruments or employment of other investment alternatives if cash flows or investment returns so warrant.

EQUITY PRICE RISK

Equity price risk primarily arises from investments in publicly traded telecommunications-related companies. These investments are carried at fair value and approximate two percent and one percent of Williams total assets at June 30, 2000 and December 31, 1999, respectively. These investments have the potential to impact Williams' financial position due to movements in the price of these equity securities. Prior to January 1, 2000, Williams had not utilized derivatives or other financial instruments to hedge the risk associated with the movement in the price of these equity securities. However, during 2000, Williams has entered into a derivative instrument which will expire in various stages throughout the remainder of 2000 and is designed to hedge the exposure to changes in the price of certain marketable equity securities. It is reasonably possible that the prices of the equity securities in Williams' marketable equity securities portfolio could experience a 30 percent increase or decrease in the near term. Assuming a 30 percent increase or decrease in prices, the value of Williams' marketable equity securities portfolio at June 30, 2000, which is included in investments in the Consolidated Balance Sheet, would increase or decrease by approximately \$175.4 million or \$183.7 million, respectively. Subsequent to June 30, 2000, Williams entered additional derivative instruments which will expire by the fourth-quarter 2001. Taking into consideration these additional derivative instruments, approximately 40 percent of Williams' marketable equity securities portfolio would have been hedged at June 30, 2000.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In July 2000, All-Phase Utility Corp. amended its complaint in a matter originally filed in June 1999 against Williams Communications, Inc. (WCI) in the United States District Court for Oregon. In the amended complaint, All-Phase alleges actual damages of at least \$236.5 million plus punitive damages of an additional amount equal to double the amount of actual damages. All-Phase alleges that WCI failed to engage All-Phase to provide certain route design services and that a portion of WCI's Eugene, Oregon to Bandon, Oregon route is based on information developed by All-Phase. All-Phase alleges that its damages include loss of profit from the construction it believes it would have performed for WCI and lost revenue from leases of fiber-optic cable and conduit. WCI intends to refute the allegations and to vigorously defend this lawsuit. Williams does not believe that the ultimate resolution of this matter will have a material adverse effect upon its future financial position, results of operations or cash flows.

For more information regarding other legal proceedings, see Note 10 of Notes to Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of the Company was held on May 18, 2000. At the Annual Meeting, six individuals were elected as directors of the Company and seven individuals continue to serve as directors pursuant to their prior election. In addition, the appointment of Ernst & Young LLP as the independent auditor of the Company for 2000 was ratified.

A tabulation of the voting at the Annual Meeting with respect to the matters indicated is as follows:

Election of Directors

Name	For	Withheld
- - - - -	---	-----
Janice D. Stoney	375,088,036	4,169,235
Keith E. Bailey	375,246,098	4,011,173
Hugh M. Chapman	375,341,830	3,915,441
William E. Green	375,333,542	3,923,729
W.R. Howell	375,404,638	2,852,633
James C. Lewis	373,071,592	6,185,679

Ratification of Appointment of Independent Auditors

For	Against	Abstain
- - - - -	-----	-----
374,553,059	3,170,330	1,533,882

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits listed below are filed as part of this report:

Exhibit 4.1 - Credit Agreement dated July 25, 2000, among Williams and certain of its subsidiaries and the banks named therein and Citibank N.A., as agent.

Exhibit 4.2 - Credit Agreement dated July 25, 2000, among Williams and the banks named therein and Citibank N.A., as agent.

Exhibit 12 - Computation of Ratio of Earnings to Fixed Charges

Exhibit 27 - Financial Data Schedule

(b) During the second quarter of 2000, the Company did not file a Form 8-K.

SIGNATURE

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

THE WILLIAMS COMPANIES, INC.

(Registrant)

/s/ Gary R. Belitz

Gary R. Belitz
Controller
(Duly Authorized Officer and
Principal Accounting Officer)

August 10, 2000

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
4.1	Credit Agreement dated July 25, 2000, among Williams and certain of its subsidiaries and the banks named therein and Citibank N.A., as agent.
4.2	Credit Agreement dated July 25, 2000, among Williams and the banks named therein and Citibank N.A., as agent.
12	Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

U.S. \$700,000,000

CREDIT AGREEMENT

Dated as of July 25, 2000

Among

THE WILLIAMS COMPANIES, INC.
NORTHWEST PIPELINE CORPORATION
TRANSCONTINENTAL GAS PIPE LINE CORPORATION
TEXAS GAS TRANSMISSION CORPORATION

as Borrowers

THE BANKS NAMED HEREIN

as Banks

THE CHASE MANHATTAN BANK

and

COMMERZBANK AG

as Co-Syndication Agents

and

CREDIT LYONNAIS NEW YORK BRANCH

as Documentation Agent

and

CITIBANK, N.A.

as Agent

and

SALOMON SMITH BARNEY,

as Arranger

Multi-Year Credit Agreement

TABLE OF CONTENTS

	Page
ARTICLE I	DEFINITIONS AND ACCOUNTING TERMS.....1
Section 1.01	Certain Defined Terms.....1
Section 1.02	Computation of Time Periods.....14
Section 1.03	Accounting Terms.....14
Section 1.04	Miscellaneous.....14
Section 1.05	Ratings.....14
ARTICLE II	AMOUNTS AND TERMS OF THE ADVANCES.....15
Section 2.01	The A Advances.....15
Section 2.02	Making the A Advances.....15
Section 2.03	Fees.....18
Section 2.04	Reduction of the Commitments.....18
Section 2.05	Repayment of A Advances.....19
Section 2.06	Interest on A Advances.....19
Section 2.07	Additional Interest on Eurodollar Rate Advances.....19
Section 2.08	Interest Rate Determination.....20
Section 2.09	Evidence of Debt.....20
Section 2.10	Prepayments.....21
Section 2.11	Increased Costs.....21
Section 2.12	Illegality.....23
Section 2.13	Payments and Computations.....23
Section 2.14	Taxes.....24
Section 2.15	Sharing of Payments, Etc.....27
Section 2.16	The B Advances.....27
Section 2.17	Optional Termination.....31
Section 2.18	Extension of Termination Date.....32
Section 2.19	Voluntary Conversion of Advances.....32
Section 2.20	Automatic Provisions.....32
ARTICLE III	CONDITIONS.....33
Section 3.01	Conditions Precedent to Initial Advances.....33

Section 3.02	Additional Conditions Precedent to Each A Borrowing.....	33
Section 3.03	Conditions Precedent to Each B Borrowing.....	34
ARTICLE IV	REPRESENTATIONS AND WARRANTIES.....	35
Section 4.01	Representations and Warranties of the Borrowers.....	35
ARTICLE V	COVENANTS OF THE BORROWERS.....	39
Section 5.01	Affirmative Covenants.....	39
Section 5.02	Negative Covenants.....	43
ARTICLE VI	EVENTS OF DEFAULT.....	47
Section 6.01	Events of Default.....	47
ARTICLE VII	THE AGENT.....	50
Section 7.01	Authorization and Action.....	50
Section 7.02	Agent's Reliance, Etc.....	50
Section 7.03	Citibank, Chase, Commerzbank, Credit Lyonnais and Affiliates.....	51
Section 7.04	Bank Credit Decision.....	51
Section 7.05	Indemnification.....	52
Section 7.06	Successor Agent.....	52
Section 7.07	Co-Syndication Agents; Documentation Agent.....	52
ARTICLE VIII	MISCELLANEOUS.....	53
Section 8.01	Amendments, Etc.....	53
Section 8.02	Notices, Etc.....	53
Section 8.03	No Waiver; Remedies.....	54
Section 8.04	Costs and Expenses.....	54
Section 8.05	Right of Set-off.....	55
Section 8.06	Binding Effect; Transfers.....	55
Section 8.07	Governing Law.....	59
Section 8.08	Interest.....	59
Section 8.09	Execution in Counterparts.....	59
Section 8.10	Survival of Agreements, Representations and Warranties, Etc.....	59
Section 8.11	Borrowers' Right to Apply Deposits.....	60
Section 8.12	Confidentiality.....	60
Section 8.13	WAIVER OF JURY TRIAL.....	61
Section 8.14	Miscellaneous.....	61

Schedule I - Bank Information
Schedule II - Borrower Information
Schedule III - Permitted NWP Liens
Schedule IV - Permitted TGPL Liens
Schedule V - Permitted TGT Liens
Schedule VI - Permitted TWC Liens
Schedule VII - [Reserved]
Schedule VIII - [Reserved]
Schedule IX - [Reserved]
Schedule X - Commitments
Schedule XI - Rating Categories
Exhibit A - 1 - Form of A Note
Exhibit A - 2 - Form of B Note
Exhibit B - 1 - Notice of A Borrowing
Exhibit B - 2 - Notice of B Borrowing
Exhibit C - Opinion of William G. von Glahn
Exhibit D - Opinion of Special Counsel to Agent
Exhibit E - Existing Loans and Investments in WCG Subsidiaries
Exhibit F - Form of Transfer Agreement

iii

Multi-Year Credit Agreement

CREDIT AGREEMENT

This Credit Agreement dated as of July 25, 2000, is by and among the Borrowers, the Co-Syndication Agents, the Documentation Agent, the Agent and the Banks. In consideration of the mutual covenants and agreements contained herein, the Borrowers, the Agent and the Banks hereby agree as set forth herein.

PRELIMINARY STATEMENTS

WHEREAS, the Borrowers desire to obtain Commitments from the Banks pursuant to which A Advances, on the terms and conditions and in the amounts set forth herein, will be made to the Borrowers from time to time prior to the Termination Date; and

WHEREAS, the Banks are willing, on the terms and subject to the conditions hereinafter set forth (including Article III), to extend such Commitments and make such A Advances to the Borrowers; and

WHEREAS, the Borrowers may from time to time request B Advances pursuant to the terms and conditions and in the amounts set forth herein, and one or more Banks may (but are not obligated to) make such B Advances;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"A Advance" means an advance by a Bank to a Borrower as part of an A Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of A Advance.

"A Borrowing" means a borrowing consisting of simultaneous A Advances of the same Type to the same Borrower made by each of the Banks pursuant to Section 2.01.

"A Note" means a promissory note of a Borrower payable to the order of any Bank, in substantially the form of Exhibit A-1 hereto (as such note may be amended, endorsed or otherwise modified from time to time), delivered at the request of such Bank pursuant to Section 2.09 or 8.06, together with any other note accepted from time to time in substitution or replacement therefor.

"Advance" means an A Advance or a B Advance.

"Agent" means Citibank, N.A. in its capacity as agent pursuant to Article VII hereof and any successor Agent pursuant to Section 7.06.

"Agreement" means this Credit Agreement dated as of July 25, 2000, among the Borrowers, the Agent and the Banks, as amended, extended, supplemented, restated or modified from time to time.

"American Soda" means American Soda, L.L.P., a Colorado limited liability partnership.

"Applicable Commitment Fee Rate" means the rate per annum set forth on Schedule XI under the heading "Applicable Commitment Fee Rate" for the relevant Rating Category applicable to TWC from time to time. The Applicable Commitment Fee Rate shall change when and as the relevant Rating Category applicable to TWC changes.

"Applicable Lending Office" means, with respect to each Bank, such Bank's Domestic Lending Office in the case of a Base Rate Advance and such Bank's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a B Advance, the office of such Bank notified by such Bank to the Agent as its Applicable Lending Office with respect to such B Advance.

"Applicable Margin" means as to any Eurodollar Rate Advance to any Borrower, the rate per annum set forth in Schedule XI under the heading "Applicable Margin" for the relevant Rating Category applicable to such Borrower from time to time. The Applicable Margin determined pursuant to this definition for any Eurodollar Rate Advance to any Borrower shall change when and as the relevant Rating Category applicable to such Borrower changes.

"Arranger" means Salomon Smith Barney.

"B Advance" means an advance by a Bank to a Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.16.

"B Borrowing" means a borrowing consisting of simultaneous B Advances to the same Borrower from each of the Banks whose offer to make one or more B Advances as part of such borrowing has been accepted by such Borrower under the auction bidding procedure described in Section 2.16.

"B Note" means a promissory note of a Borrower payable to the order of any Bank, in substantially the form of Exhibit A-2 hereto, delivered at the request of such Bank pursuant to Sections 2.09, 2.16 or 8.06.

"B Reduction" has the meaning specified in Section 2.01.

"Banks" means the lenders listed on the signature pages hereof and each other Person that becomes a Bank pursuant to the last sentence of Section 8.06(a).

"Base Rate" means a fluctuating interest rate per annum as shall be in effect from time to time which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; or

(b) 1/2 of one percent per annum above the Federal Funds Rate in effect from time to time.

"Base Rate Advance" means an A Advance which bears interest as provided in Section 2.06(a).

"Borrowers" means TWC, NWP, TGPL and TGT.

"Borrowing" means an A Borrowing or a B Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances or relates to any B Advance as to which the related Notice of B Borrowing is delivered pursuant to clause (B) of Section 2.16(a)(i), on which dealings are carried on in the London interbank market.

"Cash Holdings" of any Person means the total investment of such Person at the time of determination in:

(a) demand deposits and time deposits maturing within one year with a Bank (or other commercial banking institution of the stature referred to in clause (d)(i));

(b) any note or other evidence of indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or by a government of another country which carries a long-term rating of Aaa by Moody's or AAA by S&P;

(c) commercial paper, maturing not more than nine months from the date of issue, which is issued by

(i) a corporation (other than an affiliate of a Borrower) rated (x) A-1 by S&P, P-1 by Moody's or F-1 by Fitch or (y) lower than set forth in clause (x) above, provided that the value of all such commercial paper shall not exceed 10% of the total value of all commercial paper comprising "Cash Holdings," or

(ii) any Bank (or its holding company) with a rating on its long-term unsecured debt of at least AA from S&P or Aa from Moody's;

(d) any certificate of deposit or bankers acceptance, maturing not more than three years after such time, which is issued by either

(i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$1,000,000,000, or

(ii) any Bank with a rating on its long-term unsecured debt of at least AA by S&P or Aa by Moody's;

(e) notes or other evidences of indebtedness, maturing not more than three years after such time, issued by

(i) a corporation (other than an affiliate of a Borrower) rated AA by S&P or Aa by Moody's, or

(ii) any Bank (or its holding company) with a rating on its long-term unsecured debt of at least AA by S&P or Aa by Moody's;

(f) any repurchase agreement entered into with any Bank (or other commercial banking institution of the stature referred to in clause (d)(i)) which

(i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (d), and

(ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Bank (or other commercial banking institution) thereunder; and

(g) money market preferred instruments by participation in a Dutch auction (or the equivalent) where the investment is rated no lower than Aa by Moody's or AA by S&P.

"Chase" means The Chase Manhattan Bank.

"Citibank" means Citibank, N.A.

"Code" means, as appropriate, the Internal Revenue Code of 1986, as amended, or any successor federal tax code, and any reference to any statutory provision shall be deemed to be a reference to any successor provision or provisions.

"Commerzbank" means Commerzbank AG.

"Commitment" of any Bank to any Borrower means at any time the amount set opposite or deemed (pursuant to clause (vii) of the last sentence of Section 8.06(a) and as reflected in the relevant Transfer Agreement referred to in such sentence) to be set opposite such Bank's name for such Borrower on Schedule X as such amount may be terminated, reduced or increased, pursuant to Section 2.04, Section 2.17, Section 6.01 or Section 8.06(a); provided that, at no time shall the amount of the Commitment of a Bank

to any of NWP, TGPL or TGT exceed the amount of the Commitment of such Bank to TWC at such time.

"Consolidated" refers to the consolidation of the accounts of any Person and its subsidiaries in accordance with generally accepted accounting principles; provided that, unless otherwise provided, in the case of TWC, "Consolidated" shall mean the consolidation of the accounts of TWC and its Subsidiaries and shall not include any accounts of the WCG Subsidiaries; provided that for purposes of the Consolidated financial statements required to be delivered pursuant to Sections 4.01(e), 5.01(b)(ii) and 5.01(b)(iii) and where otherwise provided, the consolidation of the accounts of TWC and its subsidiaries shall include the WCG Subsidiaries.

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Subsidiaries on a Consolidated basis plus, in the case of TWC, the Designated Minority Interests to the extent not otherwise included; provided that, in no event shall the value ascribed to Designated Minority Interests exceed \$136,892,000 in the aggregate.

"Consolidated Tangible Net Worth" of any Person means the Tangible Net Worth of such Person and its Subsidiaries on a Consolidated basis.

"Consolidating" refers to, with respect to the balance sheets and statements of income and cash flows required by Sections 4.01(e), 5.01(b)(ii) and 5.01(b)(iii), the consolidation of the accounts of TWC and its subsidiaries in accordance with the following format: (i) the WCG Subsidiaries, (ii) TWC and its subsidiaries (which term does not include the WCG Subsidiaries), (iii) consolidation adjustments, and (iv) Consolidated financial statements of TWC and each of its subsidiaries, including the WCG Subsidiaries.

"Convert," "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.02, Section 2.19 or Section 2.20.

"Co-Syndication Agent" means either of Chase or Commerzbank, together with the successor and assigns of each in such capacity.

"Credit Lyonnais" means Credit Lyonnais New York Branch.

"Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to

assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition, and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule III; paragraph (y) of Schedule IV; paragraph (y) of Schedule V; or paragraph (y) of Schedule VI; and provided further, it is the understanding of the parties hereto that Debt shall not include any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as operating leases.

"Designating Bank" has the meaning specified in Section 8.6(d).

"Designated Minority Interests" of TWC means, as of any date of determination, the total of the minority interests in the following Subsidiaries of TWC: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, and (vi) other Subsidiaries of TWC, as presented in its Consolidating balance sheet, in an amount not to exceed in the aggregate \$9,000,000 for such other Subsidiaries not referred to in clauses (i) through (v); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests."

"Documentation Agent" means Credit Lyonnais, together with its successors and assigns in such capacity.

"Domestic Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or pursuant to Section 8.06(a), or such other office of such Bank as such Bank may from time to time specify to the Borrowers and the Agent.

"EDGAR" means "Electronic Data Gathering, Analysis and Retrieval" system, a database maintained by the Securities and Exchange Commission containing electronic filings of issuers of certain securities.

"El Furrial" means WilPro Energy Services (El Furrial) Limited, a Cayman Islands corporation.

"Environment" shall have the meaning set forth in 42 U.S.C. ss.9601(8) or any successor statute and "Environmental" shall mean pertaining or relating to the Environment.

"Environmental Protection Statute" shall mean any United States local, state or federal, or any foreign, law, statute, regulation, order, consent decree or other agreement or Governmental Requirement arising from or in connection with or relating to the protection or regulation of the Environment, including, without limitation, those laws, statutes, regulations, orders, decrees, agreements and other Governmental Requirements relating to the disposal, cleanup, production, storing, refining, handling, transferring,

processing or transporting of Hazardous Waste, Hazardous Substances or any pollutant or contaminant, wherever located.

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

"ERISA Affiliate" of any Borrower means any trade or business (whether or not incorporated) which is a member of a group of which such Borrower is a member and which is under common control within the meaning of Section 414 of the Code and the regulations promulgated thereunder.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or pursuant to Section 8.06(a) (or, if no such office is specified, its Domestic Lending Office) or such other office of such Bank as such Bank may from time to time specify to the Borrowers and the Agent.

"Eurodollar Rate" means, for any Eurodollar Rate Advance comprising part of the same A Borrowing for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Dow Jones Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Eurodollar Rate Advance comprising part of the same A Borrowing for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

"Eurodollar Rate Advance" means an A Advance that bears interest as provided in Section 2.06(b).

"Eurodollar Rate Reserve Percentage" of any Bank for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of

Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01. For purposes of clause (iv) of the definition herein of "Interest Period", Section 2.19 and Section 6.01, an Event of Default exists as to a particular Borrower if such Event of Default exists wholly or in part as a result of any event, condition, action, inaction, representation or other matter of, by or otherwise directly or indirectly pertaining to such Borrower or any Subsidiary of such Borrower. Without limiting the foregoing and for purposes of further clarification, it is agreed that inasmuch as each of TGPL, NWP and TGT is a Subsidiary of TWC, any Event of Default that exists as to any of TGPL, NWP or TGT also exists as to TWC.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Fitch" means Fitch, Inc.

"Governmental Requirements" means all judgments, orders, writs, injunctions, decrees, awards, laws, ordinances, statutes, regulations, rules, franchises, permits, certificates, licenses, authorizations and the like and any other requirements of any government or any commission, board, court, agency, instrumentality or political subdivision thereof.

"Hazardous Substance" shall have the meaning set forth in 42 U.S.C. ss.9601(14) and shall also include each other substance considered to be a hazardous substance under any Environmental Protection Statute.

"Hazardous Waste" shall have the meaning set forth in 42 U.S.C. ss.6903(5) and shall also include each other substance considered to be a hazardous waste under any Environmental Protection Statute (including, without limitation 40 C.F.R. ss.261.3).

"Insufficiency" means, with respect to any Plan, the amount, if any, by which the present value of the vested benefits under such Plan exceeds the fair market value of the assets of such Plan allocable to such benefits.

"Interest Period" means, for each Eurodollar Rate Advance to a Borrower comprising part of the same A Borrowing, the period commencing on the date of such A Advance or the date of the Conversion of any Base Rate Advance into a Eurodollar Rate Advance and ending on the last day of the period selected by such Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below. The duration of each Interest Period shall be one, two, three or six months, in each case as such Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select (it being agreed that selection of a subsequent Interest Period for an outstanding Eurodollar Rate Advance does not require that a Notice of A Borrowing be given, inasmuch as no Advance is being requested or made as a result of such selection); provided, however, that:

(i) Interest Periods commencing on the same date for A Advances comprising part of the same A Borrowing shall be of the same duration;

(ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

(iii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month in which it would have ended if there were a numerically corresponding day in such calendar month; and

(iv) no Borrower may select any Interest Period that ends after the Termination Date, and no Borrower may select any Interest Period if any Event of Default exists as to such Borrower.

"Lien" means any mortgage, lien, pledge, charge, deed of trust, security interest, encumbrance or other type of preferential arrangement to secure or provide for the payment of any obligation of any Person, whether arising by contract, operation of law or otherwise (including, without limitation, the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement).

"Majority Banks" means at any time Banks having more than 50% of the then aggregate unpaid principal amount of the A Advances outstanding to Banks, or, if no such principal amount is then outstanding, Banks having more than 50% of the principal amount of the Commitments or, if no such principal amount is then outstanding and all Commitments have terminated, Banks having more than 50% of the then aggregate

unpaid principal amount of the B Advances outstanding to Banks (provided that for purposes of this definition and Sections 2.17, 6.01 and 7.01 neither any Borrower nor any Subsidiary or Related Party of any Borrower, if a Bank, shall be included in (i) the Banks to which A Advances or B Advances are owed or (ii) determining the aggregate unpaid principal amount of the A Advances or the B Advances or the amount of the Commitments). For purposes hereof, Advances made by an SPC shall be considered Advances of its Designating Bank.

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

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

"Multiple Employer Plan" means an employee benefit plan as defined in Section 3(2) of ERISA, other than a Multiemployer Plan, subject to Title IV of ERISA to which any Borrower or any ERISA Affiliate of any Borrower, and one or more employers other than any Borrower or an ERISA Affiliate of any Borrower, is making or accruing an obligation to make contributions or, in the event that any such plan has been terminated, to which any Borrower or any ERISA Affiliate of any Borrower made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"Nebraska Energy" means Nebraska Energy, L.L.C., a Kansas limited liability company.

"Net Debt" means for any Borrower, as of any date of determination, the excess of (x) the aggregate amount of all Debt of such Borrower and its Subsidiaries on a Consolidated basis, excluding Non-Recourse Debt, over (y) the sum of the Cash Holdings of such Borrower and its Subsidiaries on a Consolidated basis.

"Net Worth" of any Person means, as of any date of determination, the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles.

"Non-Borrowing Subsidiary" of any Borrower means a Subsidiary of such Borrower which Subsidiary is not itself a Borrower. In the case of TWC, the term "Subsidiary" does not include any WCG Subsidiary.

"Non-Recourse Debt" means Debt incurred by any non-material, Non-Borrowing Subsidiary to finance the acquisition (other than any acquisition from TWC or any Subsidiary) or construction of a project, which Debt does not permit or provide for recourse against TWC or any Subsidiary of TWC (other than the Subsidiary that is to acquire or construct such project) or any property or asset of TWC or any Subsidiary of

TWC (other than property or assets of the Subsidiary that is to acquire or construct such project). For purposes of this definition, a "non-material Subsidiary" shall mean any Subsidiary of TWC which, as of the date of the most recent Consolidating balance sheet of TWC delivered pursuant to Section 5.01 as described in clause (ii) of the definition of "Consolidating," has total assets which account for less than five percent (5%) of the total assets of TWC and its Subsidiaries, as shown in the column described in clause (ii) of the definition of "Consolidating" of such Consolidating balance sheet; provided that, the total aggregate assets of non-material Subsidiaries shall not comprise at any time more than ten percent (10%) of the total assets of TWC and its Subsidiaries, as shown in such column of such Consolidating balance sheet.

"Note" means an A Note or a B Note.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.16(a).

"NWP" means Northwest Pipeline Corporation, a Delaware corporation.

"PBG" means the Pension Benefit Guaranty Corporation.

"Permitted NWP Liens" means Liens specifically described on Schedule III.

"Permitted TGPL Liens" means Liens specifically described on Schedule IV.

"Permitted TGT Liens" means Liens specifically described on Schedule V.

"Permitted TWC Liens" means Liens specifically described on Schedule VI.

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

"PIGAP II" means WilPro Energy Services (PIGAP II) Limited, a Cayman Islands corporation.

"Plan" means an employee pension benefit plan (other than a Multiemployer Plan) as defined in Section 3(2) of ERISA currently maintained by, or, in the event such plan has terminated, to which contributions have been made, or an obligation to make contributions has accrued, during any of the five plan years preceding the date of termination of such plan by, any Borrower or any ERISA Affiliate of any Borrower for employees of a Borrower or any such ERISA Affiliate and covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code.

"Public Filings" means TWC's, NWP's, TGPL's and TGT's respective annual reports on Form 10-K or, in the case of TWC, Form 10-K/A for the year ended

December 31, 1999, and TWC's, NWP's, TGPL's and TGT's respective quarterly reports on Form 10-Q for the quarter ended March 31, 2000.

"Rating Category" means, as to any Borrower, the relevant category applicable to such Borrower from time to time as set forth on Schedule XI, which is based on the ratings (or lack thereof) of such Borrower's senior unsecured long-term debt by S&P or Moody's.

"Related Party" of any Person means any corporation, partnership, joint venture or other entity of which more than 10% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person or which owns at the time directly or indirectly more than 10% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such Person or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency); provided, however, that neither TWC nor any Subsidiary of TWC shall be considered to be a Related Party of TWC or any Subsidiary of TWC.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc.

"Sale and Lease-Back Transaction" of any Person means any arrangement entered into by such Person or any Subsidiary of such Person, directly or indirectly, whereby such Person or any Subsidiary of such Person shall sell or transfer any property, whether now owned or hereafter acquired, and whereby such Person or any Subsidiary of such Person shall then or thereafter rent or lease as lessee such property or any part thereof or other property which such Person or any Subsidiary of such Person intends to use for substantially the same purpose or purposes as the property sold or transferred.

"Seminole" means Seminole Pipeline Company, a Delaware corporation.

"SPC" has the meaning specified in Section 8.06(d).

"Stated Termination Date" means July 25, 2005, or such later date, if any, as may be agreed to by the Borrowers and the Banks pursuant to Section 2.18.

"Subordinated Debt" means any Debt of any Borrower which is effectively subordinated to the obligations of such Borrower hereunder and under the Notes, if any.

"Subsidiary" of any Person means any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person. Notwithstanding the above, in the case of TWC, "Subsidiary" shall not include the WCG Subsidiaries, except that with respect to the Consolidated balance sheet and related Consolidated statements of income and cash flows for TWC referred to in Sections 4.01(e), 5.01(b)(ii) and 5.01(b)(iii) and as otherwise specifically provided herein the term "Subsidiary" used with respect to TWC shall include the WCG Subsidiaries.

"Tangible Net Worth" of any Person means, as of any date of determination, the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles, excluding, however, from the determination of total assets (i) patents, patent applications, trademarks, copyrights and trade names, (ii) goodwill, organizational, experimental, research and development expense and other like intangibles, (iii) treasury stock, (iv) monies set apart and held in a sinking or other analogous fund established for the purchase, redemption or other retirement of capital stock or Subordinated Debt, and (v) unamortized debt discount and expense.

"Termination Date" means the earlier of (i) the Stated Termination Date or (ii) the date of termination in whole of the Commitments pursuant to Section 2.04, 2.17 or 6.01.

"Termination Event" means (i) a "reportable event", as such term is described in Section 4043 of ERISA (other than a "reportable event" not subject to the provision for 30-day notice to the PBGC), or (ii) the withdrawal of any Borrower or any ERISA Affiliate of any Borrower from a Multiple Employer Plan during a plan year in which it was a "substantial employer," as such term is defined in Section 4001(a)(2) of ERISA, or the incurrence of liability by any Borrower or any ERISA Affiliate of any Borrower under Section 4064 of ERISA upon the termination of a Plan or Multiple Employer Plan, or (iii) the distribution of a notice of intent to terminate a Plan pursuant to Section 4041(a)(2) of ERISA or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"TGPL" means Transcontinental Gas Pipe Line Corporation, a Delaware corporation.

"TGT" means Texas Gas Transmission Corporation, a Delaware corporation.

"Transfer Agreement" has the meaning specified in Section 8.06.

"TWC" means The Williams Companies, Inc., a Delaware corporation.

"Type" has the meaning set forth in the definition herein of A Advance.

"Unrated" means, as to any Borrower, that no senior unsecured long-term debt of such Borrower is rated by S&P and no senior unsecured long-term debt of such Borrower is rated by Moody's.

"WCG" means Williams Communications Group, Inc., a Delaware corporation.

"WCG Subsidiaries" means, collectively, WCG and any direct or indirect Subsidiary of WCG.

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person all of the capital stock and other equity interests of which is owned by such Person or any Wholly-Owned Subsidiary of such Person.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

"WPC" means Williams Gas Pipelines Central, Inc., a Delaware corporation, formerly Williams Natural Gas Company.

Section 1.02 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

Section 1.03 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles, and each reference herein to "generally accepted accounting principles" shall mean generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e)(i).

Section 1.04 Miscellaneous. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, Section, Schedule and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Agreement, unless otherwise specified.

Section 1.05 Ratings. A rating, whether public or private, by S&P or Moody's shall be deemed to be in effect on the date of announcement or publication by S&P or Moody's, as the case may be, of such rating or, in the absence of such announcement or publication, on the effective date of such rating and will remain in effect until the announcement or publication of, or in the absence of such announcement or publication, the effective date of, any change in, or

withdrawal or termination of, such rating. In the event the standards for any rating by Moody's or S&P are revised, or any such rating is designated differently (such as by changing letter designations to different letter designations or to numerical designations), the references herein to such rating shall be deemed to refer to the revised or redesignated rating for which the standards are closest to, but not lower than, the standards at the date hereof for the rating which has been revised or redesignated, all as determined by the Majority Banks in good faith. Long-term debt supported by a letter of credit, guaranty, insurance or other similar credit enhancement mechanism shall not be considered as senior unsecured long-term debt. If either Moody's or S&P has at any time more than one rating applicable to senior unsecured long-term debt of a Borrower, the lowest such rating shall be applicable for purposes hereof. For example, if Moody's rates some senior unsecured long-term debt of a Borrower Ba1 and other such debt of such Borrower Ba2, the senior unsecured long-term debt of such Borrower shall be deemed to be rated Ba2 by Moody's.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

Section 2.01 The A Advances. Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to each Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount outstanding not to exceed at any time such Bank's Commitment to such Borrower, provided that the aggregate amount of the Commitments of the Banks to any Borrower shall, except for purposes of Section 2.03(a), be deemed used from time to time to the extent of the aggregate amount of the B Advances then outstanding to such Borrower and such deemed use of the aggregate amount of such Commitments shall be applied to the Banks ratably according to their respective Commitments to such Borrower (such deemed use of the aggregate amount of the Commitments of any Borrower being a "B Reduction"), and provided further that the aggregate amount of all A Advances to all Borrowers by any Bank shall not exceed at any time outstanding such Bank's Commitment to TWC (determined after giving effect to such Bank's ratable share of all B Reductions). Each A Borrowing shall be in an aggregate amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and shall consist of A Advances of the same Type made to the same Borrower on the same day by the Banks ratably according to their respective Commitments. Within the limits of each Bank's Commitment to a Borrower, such Borrower may borrow, prepay pursuant to Section 2.10 and reborrow under this Section 2.01.

Section 2.02 Making the A Advances.

(a) Each A Borrowing shall be made on notice, given not later than (1) in the case of a proposed Borrowing comprised of Eurodollar Rate Advances, 11:00 A.M. (New York City time) at least three Business Days prior to the date of the proposed Borrowing, and (2) in the case of a proposed Borrowing comprised of Base Rate Advances, 10:00 A.M. (New York City time) on the date of the proposed Borrowing, by the Borrower requesting such A Borrowing to the Agent, which shall give to each Bank prompt notice

thereof by telecopy, telex or cable. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be by telephone, confirmed immediately in writing, or by telecopy, telex or cable in substantially the form of Exhibit B-1 hereto, executed by the Borrower requesting such A Borrowing and specifying therein the requested (i) date of such A Borrowing (which shall be a Business Day), (ii) initial Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of Eurodollar Rate Advances, initial Interest Period for each such A Advance. Each Bank shall, before 11:00 A.M. (New York City time) on the date of such A Borrowing, make available for the account of its Applicable Lending Office to the Agent at its New York address referred to in Section 8.02, in same day funds, such Bank's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower requesting such A Borrowing at the Agent's aforesaid address.

(b) Anything herein to the contrary notwithstanding:

(i) at no time shall there be outstanding to any one Borrower more than ten A Borrowings comprised of Eurodollar Rate Advances;

(ii) no Borrower may select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than \$10,000,000;

(iii) if the Majority Banks shall notify the Agent that either (A) the Eurodollar Rate for any Interest Period for any Eurodollar Rate Advances will not adequately reflect the cost to such Banks of making or funding their respective Eurodollar Rate Advances for such Interest Period, or (B) that U.S. dollar deposits for the relevant amounts and Interest Period for their respective Advances are not available to them in the London interbank market, or it is otherwise impossible to have Eurodollar Rate Advances, the Agent shall forthwith so notify the Borrowers and the Banks, whereupon (I) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (II) the obligations of the Banks to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent, at the request of the Majority Banks, shall notify the Borrowers and the Banks that the circumstances causing such suspension no longer exist, and, except as provided in Section 2.02(b)(v), each Advance comprising any requested A Borrowing shall be a Base Rate Advance;

(iv) if the Agent is unable to determine the Eurodollar Rate for Eurodollar Rate Advances, the obligation of the Banks to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrowers and the Banks that the circumstances causing such suspension no longer exist, and, except as provided in Section 2.02(b)(v), each

Advance comprising any requested A Borrowing shall be a Base Rate Advance; and

(v) if a Borrower has requested a proposed A Borrowing consisting of Eurodollar Rate Advances and as a result of circumstances referred to in Section 2.02(b)(iii) or (iv) such A Borrowing would not consist of Eurodollar Rate Advances, such Borrower may, by notice given not later than 3:00 P.M. (New York City time) at least one Business Day prior to the date such proposed A Borrowing would otherwise be made, cancel such A Borrowing, in which case such A Borrowing shall be cancelled and no Advances shall be made as a result of such requested A Borrowing, but such Borrower shall indemnify the Banks in connection with such cancellation as contemplated by Section 2.02(c).

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrowers, except as set forth in Section 2.02(b)(v). In the case of any A Borrowing requested by a Borrower which the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances, such Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund the A Advance to be made by such Bank as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date. A certificate in reasonable detail as to the basis for and the amount of such loss, cost or expense submitted to such Borrower and the Agent by such Bank shall be prima facie evidence of the amount of such loss, cost or expense. If an A Borrowing requested by a Borrower which the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances is not made as an A Borrowing comprised of Eurodollar Rate Advances as a result of Section 2.02(b), such Borrower shall indemnify each Bank against any loss (excluding loss of profits), cost or expense incurred by such Bank by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank prior to the time such Bank is actually aware that such A Borrowing will not be so made to fund the A Advance to be made by such Bank as part of such A Borrowing. A certificate in reasonable detail as to the basis for and the amount of such loss, cost or expense submitted to such Borrower and the Agent by such Bank shall be prima facie evidence of the amount of such loss, cost or expense.

(d) Unless the Agent shall have received notice from a Bank prior to the date of any A Borrowing to a Borrower that such Bank will not make available to the Agent such Bank's ratable portion of such A Borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to such Borrower requesting such A Borrowing on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Agent, such Bank and such Borrower severally agree

to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's A Advance as part of such A Borrowing for purposes of this Agreement.

(e) The failure of any Bank to make the A Advance to be made by it as part of any A Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its A Advance on the date of such A Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the A Advance to be made by such other Bank on the date of any A Borrowing.

Section 2.03 Fees.

(a) Commitment Fee. TWC agrees to pay to the Agent for the account of each Bank a commitment fee on the average daily unused (for the purposes of this Section 2.03(a), A Advances made to any Borrower shall be considered to have been made to TWC, but B Advances to any Borrower shall not, for purposes of this Section 2.03(a), be considered to be usage of any Commitment) portion of such Bank's Commitment to TWC from the date hereof until the Termination Date at a rate per annum from time to time equal to the Applicable Commitment Fee Rate from time to time, payable in arrears on the last day of each March, June, September and December during the term such Bank has any Commitment to any Borrower and on the Termination Date.

(b) Agent's Fees. TWC agrees to pay to the Agent, for its sole account, such fees as may be separately agreed to in writing by TWC and the Agent.

Section 2.04 Reduction of the Commitments.

(a) Optional. Each Borrower shall have the right, upon at least three Business Days notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Banks to such Borrower, provided that each partial reduction shall be in the aggregate amount of at least \$10,000,000, and provided further, that the aggregate amount of the Commitments of the Banks to any Borrower shall not be reduced to an amount which is less than the aggregate principal amount of the Advances then outstanding to such Borrower, and provided further, that the aggregate amount of the Commitments of the Banks to TWC shall not be reduced to an amount which is less than the aggregate principal amount of the Advances then outstanding to the Borrower as to which the aggregate outstanding principal amount of Advances is then the largest.

(b) Termination. If all of the Commitments of the Banks to a Borrower (other than TWC) are terminated pursuant to Section 2.04(a) and such Borrower has paid all principal, interest, fees, costs and other amounts owed by it hereunder, such Borrower shall have the right, upon at least three Business Days notice to the Agent, to elect to cease to be a Borrower hereunder, except for purposes of the definition herein of Majority Banks and for purposes of Sections 2.11, 2.14 and 8.04.

Section 2.05 Repayment of A Advances. Each Borrower shall repay, on the Stated Termination Date or such earlier date as the Notes may be declared due pursuant to Article VI, the unpaid principal amount of each A Advance made by each Bank to such Borrower.

Section 2.06 Interest on A Advances. Each Borrower shall pay interest on the unpaid principal amount of each A Advance made by each Bank to such Borrower from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Base Rate Advances. At such times as such A Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable quarterly in arrears on the last day of each March, June, September and December and on the date such Advance shall be Converted or paid in full; provided that any amount of principal of any Base Rate Advance, interest, fees and other amounts payable hereunder (other than principal of any Eurodollar Rate Advance) which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the sum of the Base Rate in effect from time to time plus 2% per annum.

(b) Eurodollar Rate Advances. At such times as such A Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such A Advance to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin in effect from time to time for such A Advance, payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day which occurs during such Interest Period every three months from the first day of such Interest Period; provided that any amount of principal of any Eurodollar Rate Advance which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the sum of the rate per annum required to be paid on such A Advance at such time plus 2% per annum.

Section 2.07 Additional Interest on Eurodollar Rate Advances. Each Borrower shall pay to each Bank, so long as such Bank shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal

amount of each Eurodollar Rate Advance of such Bank to such Borrower, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Bank for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Bank and notified to such Borrower through the Agent. A certificate as to the amount of such additional interest submitted to such Borrower and the Agent by such Bank shall be conclusive and binding for all purposes, absent manifest error. No Bank shall have the right to recover any additional interest pursuant to this Section 2.07 for any period more than 90 days prior to the date such Bank notifies the Borrowers that additional interest may be charged pursuant to this Section 2.07.

Section 2.08 Interest Rate Determination. The Agent shall give prompt notice to the Borrower to which an A Advance is made and the Banks of the applicable interest rate for each Eurodollar Rate Advance determined by the Agent for purposes of Section 2.06(b).

Section 2.09 Evidence of Debt.

(a) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of each Borrower to such Bank resulting from each A Advance and B Advance made by such Bank, including the amounts of principal and interest payable and paid to such Bank from time to time hereunder.

(b) The Agent shall maintain accounts in which it shall record (i) the Borrower and the amount of each Advance made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Bank hereunder and (iii) the amount of any sum received by the Agent hereunder for the account of the Banks and each Bank's share thereof.

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

(d) Any Bank may request that the A Advances or any B Advance made by it be evidenced by a Note. In such event, the Borrowers (or, in the case of a B Advance, the relevant Borrower) shall prepare, execute and deliver to such Bank a Note or Notes payable to the order of such Bank. Thereafter, the Advances evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 8.06) be represented by one or more Notes payable to the order of the payee named therein.

Section 2.10 Prepayments.

(a) No Borrower shall have any right to prepay any principal amount of any A Advance except as provided in this Section 2.10.

(b) Any Borrower may, in respect of Base Rate Advances upon notice to the Agent before 10:00 A.M. (New York City time) on the date of prepayment, and in respect of Eurodollar Rate Advances upon at least three Business Days' notice to the Agent, in each case stating the proposed date (which shall be a Business Day) and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding principal amounts of the A Advances comprising part of the same A Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid and amounts, if any, required to be paid pursuant to Section 8.04(b) as a result of such prepayment; provided, however, that each partial prepayment pursuant to this Section 2.10(b) shall be in an aggregate principal amount not less than \$5,000,000 and in an aggregate principal amount such that after giving effect thereto no A Borrowing comprised of Base Rate Advances shall have a principal amount outstanding of less than \$5,000,000 and no A Borrowing comprised of Eurodollar Rate Advances shall have a principal amount outstanding of less than \$10,000,000.

(c) Each Borrower will give notice to the Agent at or before the time of each prepayment by such Borrower of Advances pursuant to this Section 2.10 specifying the Advances which are to be prepaid and the amount of such prepayment to be applied to such Advances, and each payment of any Advance pursuant to this Section 2.10 or any other provision of this Agreement shall be made in a manner such that all Advances comprising part of the same Borrowing are paid in whole or ratably in part.

Section 2.11 Increased Costs.

(a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) in or in the interpretation, application or applicability of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental or monetary authority (whether or not having the force of law), there shall be any increase in the cost to any Bank of agreeing to make or making, funding or maintaining Eurodollar Rate Advances to any Borrower, then such Borrower shall from time to time, upon demand by such Bank (with a copy of such demand to the Agent), pay to the Agent for the account of such Bank additional amounts sufficient to compensate such Bank for such increased cost. A certificate as to the amount of such increased cost, submitted to such Borrower and the Agent by such Bank, shall be prima facie evidence of the amount of such increased cost. No Bank shall have the right to recover any such increased costs for any period more than 90 days prior to the date such Bank notifies the Borrowers of any such introduction, change, compliance or proposed compliance.

(b) If any Bank determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental or monetary authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and that the amount of such capital is increased by or based upon the existence of such Bank's commitment to lend to any Borrower hereunder and other commitments of this type, then, upon demand by such Bank (with a copy of such demand to the Agent), such Borrower shall immediately pay to the Agent for the account of such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank or such corporation in the light of such circumstances, to the extent that such Bank reasonably determines such increase in capital to be allocable to the existence of such Bank's commitment to lend hereunder. A certificate as to the amount of such additional amounts, submitted to such Borrower and the Agent by such Bank, shall be prima facie evidence of the amount of such additional amounts. No Bank shall have any right to recover any additional amounts under this Section 2.11(b) for any period more than 90 days prior to the date such Bank notifies the Borrowers of any such compliance.

(c) In the event that any Bank makes a demand for payment under Section 2.07, Section 2.14 or this Section 2.11, TWC may within ninety days of such demand, if no Event of Default or event which, with the giving of notice or lapse of time or both, would constitute an Event of Default then exists, replace such Bank with another commercial bank in accordance with all of the provisions of the last sentence of Section 8.06(a) (including execution of an appropriate Transfer Agreement) provided that (i) all obligations of such Bank to lend hereunder shall be terminated and the Notes payable to such Bank and all other obligations owed to such Bank hereunder shall be purchased in full without recourse at par plus accrued interest at or prior to such replacement, (ii) such replacement bank (unless such replacement bank is already a Bank prior to the effectiveness of such replacement) shall be reasonably satisfactory to the Agent, (iii) such replacement bank shall, from and after such replacement, be deemed for all purposes to be a "Bank" hereunder with a Commitment to each Borrower in the amount of the respective Commitment of such Bank to such Borrower immediately prior to such replacement (plus, if such replacement bank is already a Bank prior to such replacement the respective Commitment of such Bank to such Borrower prior to such replacement), as such amount may be changed from time to time pursuant hereto, and shall have all of the rights, duties and obligations hereunder of the Bank being replaced, and (iv) such other actions shall be taken by the Borrowers, such Bank and such replacement bank as may be appropriate to effect the replacement of such Bank with such replacement bank on terms such that such replacement bank has all of the rights, duties and obligations hereunder as such Bank (including, without limitation, execution and delivery of new Note(s) of each Borrower to such replacement bank if requested by such replacement bank or if required pursuant to Section 2.09, redelivery to each Borrower in due course of the Note(s) of such Borrower payable to such Bank and specification of the information contemplated by Schedule I as to such replacement bank).

(d) Before making any demand under this Section 2.11, each Bank agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

Section 2.12 Illegality.

(a) Notwithstanding any other provision of this Agreement, if any Bank shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation shall make it unlawful, or that any central bank or other governmental or monetary authority shall assert that it is unlawful, for any Bank or its Eurodollar Lending Office to perform its obligations hereunder to make, or Convert a Base Rate Advance into, a Eurodollar Rate Advance or to continue to fund or maintain any Eurodollar Rate Advance, then, on notice thereof to the Borrowers by the Agent, (i) the obligation of each of the Banks to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent, at the request of the Majority Banks, shall notify the Borrowers and the Banks that the circumstances causing such suspension no longer exist, and (ii) the Borrowers shall forthwith prepay in full all Eurodollar Rate Advances of all Banks then outstanding together with all accrued interest thereon and all amounts payable pursuant to Section 8.04(b), unless each Bank shall determine in good faith in its sole opinion that it is lawful to maintain the Eurodollar Rate Advances made by such Bank to the end of the respective Interest Periods then applicable thereto or unless the Borrowers, within five Business Days of notice from the Agent, Convert all Eurodollar Rate Advances of all Banks then outstanding into Base Rate Advances in accordance with Section 2.19.

(b) If legally permissible, before delivering any notice to the Agent under this Section 2.12 regarding illegality of Eurodollar Rate Advances, each Bank agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurodollar Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

Section 2.13 Payments and Computations.

(a) Each Borrower shall make each payment hereunder to be made by it not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at its New York address referred to in Section 8.02 in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest or commitment fees ratably (other than amounts payable pursuant to Sections 2.02(c), 2.07, 2.11, 2.14, 2.16 or 8.04(b)) to the Banks for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Bank to such Bank for the account of its Applicable Lending

Office, in each case to be applied in accordance with the terms of this Agreement. In no event shall any Bank be entitled to share any fee paid to the Agent pursuant to Section 2.03(b), any auction fee paid to the Agent pursuant to Section 2.16(a)(i) or any other fee paid to the Agent, as such.

(b) [Intentionally Blank]

(c) (i) All computations of interest based on clause (a) of the definition herein of Base Rate and of commitment fees shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and(ii) all computations of interest based on the Eurodollar Rate, the Federal Funds Rate or clause (b) of the definition herein of Base Rate shall be made by the Agent, and all computations of interest pursuant to Section 2.07 shall be made by a Bank, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Agent (or, in the case of Section 2.07, by a Bank) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from a Borrower prior to the date on which any payment is due by such Borrower to any Bank hereunder that such Borrower will not make such payment in full, the Agent may assume that such Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank hereunder. If and to the extent such Borrower shall not have so made such payment in full to the Agent, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate.

Section 2.14 Taxes.

(a) Any and all payments by any Borrower hereunder shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings with respect thereto, and all liabilities with respect thereto, excluding in the case of each Bank and the Agent, (i) taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Bank or the Agent (as the case may be) is

organized or any political subdivision thereof and (ii) taxes imposed as a result of a present or former connection between such Bank or the Agent, as the case may be, and the jurisdiction imposing such tax or any political subdivision thereof and, in the case of each Bank, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Bank's Applicable Lending Office or any political subdivision thereof, other than any such connection arising solely from the Bank or Agent having executed or delivered, or performed its obligations or received a payment under, or taken any other action related to this Agreement (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Bank or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Bank or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made by such Borrower hereunder or under any NoteS executed by it or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or such NoteS (hereinafter referred to as "Other Taxes").

(c) Each Borrower will indemnify each Bank and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) owed and paid by such Bank or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Bank or the Agent (as the case may be) makes written demand therefor, provided that, such Borrower shall have no liability pursuant to this clause (c) of this Section 2.14 to indemnify a Bank or the Agent for Taxes or Other Taxes which were paid by such Bank or the Agent more than ninety days prior to such written demand for indemnification.

(d) In the event that a Bank or the Agent receives a written communication from any governmental authority with respect to an assessment or proposed assessment of any Taxes, such Bank or Agent shall promptly notify TWC in writing and provide TWC with a copy of such communication. The Agent or a Bank's failure to provide a copy of such communication to TWC shall not relieve any Borrower of any of its obligations under Section 2.14(c).

(e) Within 30 days after the date of the payment of Taxes by or at the direction of any Borrower, such Borrower will furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment.

thereof. Should any Bank or the Agent ever receive any refund, credit or deduction from any taxing authority to which such Bank or the Agent would not be entitled but for the payment by a Borrower of Taxes as required by this Section 2.14 (it being understood that the decision as to whether or not to claim, and if claimed, as to the amount of any such refund, credit or deduction shall be made by such Bank or the Agent, as the case may be, in its reasonable judgment), such Bank or the Agent, as the case may be, thereupon shall repay to such Borrower an amount with respect to such refund, credit or deduction equal to any net reduction in taxes actually obtained by such Bank or the Agent, as the case may be, and determined by such Bank or the Agent, as the case may be, to be attributable to such refund, credit or deduction.

(f) Each Bank organized under the laws of a jurisdiction outside the United States shall on or prior to the date of its execution and delivery of this Agreement in the case of each Bank which is a party to this Agreement on the date this Agreement becomes effective and on the date of the Transfer Agreement pursuant to which it becomes a Bank is first effective in the case of each other Bank, and from time to time thereafter as necessary or appropriate (but only so long thereafter as such Bank remains lawfully able to do so), provide the Agent and each Borrower with two original Internal Revenue Service Forms W-8BEN or W-8ECI (or, in the case of a Bank that has provided a certificate to the Agent that it is not (i) a "bank" as defined in Section 881(c)(3)(A) of the Internal Revenue Code, (ii) a ten-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of such Borrower or (iii) a controlled foreign corporation related to such Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code), Internal Revenue Service Form W-8BEN), or any successor or other form prescribed by the Internal Revenue Service, certifying that such Bank is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or any other Loan Document or, in the case of a Bank that has certified that it is not a "bank" as described above, certifying that such Bank is a foreign corporation. If the forms provided by a Bank at the time such Bank first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Bank provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms.

(g) For any period with respect to which a Bank has failed to provide any Borrower with the appropriate form, certificate or other document described in subsection(f) of this Section 2.14 (other than if such failure is due to a change in the applicable law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided) such Bank shall not be entitled to indemnification under subsection (a) or (c) of this Section 2.14 with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Bank become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Borrowers

shall take such steps as such Bank shall reasonably request to assist such Bank in recovering such Taxes.

(h) Any Bank claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Bank, be otherwise materially disadvantageous to such Bank.

(i) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 2.14 shall survive the payment in full of principal and interest hereunder and the termination of the Commitments.

(j) Notwithstanding any provision of this Agreement or the NoteS to the contrary, this Section 2.14 shall be the sole provision governing indemnities and claims for taxes under this Agreement and the NoteS, if any.

Section 2.15 Sharing of Payments, Etc. If any Bank shall obtain any payment (whether voluntary or involuntary, or through the exercise of any right of set-off or otherwise) on account of the A Advances made by it (other than pursuant to Section 2.02(c), 2.07, 2.11, 2.14 or 8.04(b)) in excess of its ratable share of payments on account of the A Advances obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the A Advances owed to them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and such Bank shall repay to the purchasing Bank the purchase price to the extent of such Bank's ratable share (according to the proportion of (i) the amount of the participation purchased from such Bank as a result of such excess payment to (ii) the total amount of such excess payment) of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (i) the amount of such Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. Each Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of such Borrower in the amount of such participation.

Section 2.16 The B Advances.

(a) Each Bank severally agrees that each Borrower may make B Borrowings under this Section 2.16 from time to time on any Business Day during the period from the date hereof until the earlier of (I) the Termination Date or (II) the date occurring 30 days prior to the Stated Termination Date in the manner set forth below; provided that,

following the making of each B Borrowing, the aggregate amount of the Advances then outstanding to such Borrower shall not exceed the aggregate amount of the Commitments of the Banks to such Borrower (computed without regard to any B Reduction) and the aggregate amount of all Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Banks to TWC (computed without regard to any B Reduction).

(i) A Borrower may request a B Borrowing under this Section 2.16 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately in writing, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed B Borrowing, the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than the date occurring 7 days after the date of such B Borrowing or later than the earlier of (x) 6 months after the date of such B Borrowing or (y) the Stated Termination Date), the interest payment date or dates relating thereto, and any other terms to be applicable to such B Borrowing (including, without limitation, the basis to be used by the Banks in determining the rate or rates of interest to be offered by them as provided in paragraph (ii) below and prepayment terms, if any, but excluding any waiver or other modification to any of the conditions set forth in Article III), not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed B Borrowing, if such Borrower shall specify in the Notice of B Borrowing that the rates of interest to be offered by the Banks shall be fixed rates per annum and (B) at least five Business Days prior to the date of the proposed B Borrowing, if such Borrower shall instead specify in the Notice of B Borrowing the basis to be used by the Banks in determining the rates of interest to be offered by them. The Agent shall in turn promptly notify each Bank of each request for a B Borrowing received by it from a Borrower by sending such Bank a copy of the related Notice of B Borrowing. Each time that a Borrower gives a Notice of B Borrowing, such Borrower shall pay to the Agent an auction fee equal to \$2000.

(ii) Each Bank may, if in its sole discretion it elects to do so, irrevocably offer to make one or more B Advances to a Borrower as part of such proposed B Borrowing at a rate or rates of interest specified by such Bank in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to such Borrower), before 10:00 A.M. (New York City time) (x) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above, and (y) three Business Days before the date of such proposed B Borrowing in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, of the minimum amount and maximum amount of each B Advance which such Bank would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.16(a), exceed such Bank's Commitment to such Borrower), the rate or rates of interest therefor, and such Bank's Applicable

Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Bank shall, in its sole discretion, elect to make any such offer, it shall notify such Borrower of such offer before 9:45 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Banks. If any Bank wishes to request a B Note in respect to its B Advance, such request shall be delivered with the notice referred to in the preceding sentence. If any Bank shall elect not to make such an offer, such Bank shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Banks, and such Bank shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Bank to give such notice shall not cause such Bank to be obligated to make any B Advance as part of such proposed B Borrowing.

(iii) The Borrower requesting such proposed B Borrowing shall, in turn, before 11:00 A.M. (New York City time) (x) on the date of such proposed B Borrowing in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (y) three Business Days before the date of such proposed B Borrowing in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, either

(A) cancel such B Borrowing by giving the Agent notice to that effect, or

(B) accept one or more of the offers made by any Bank or Banks pursuant to paragraph (ii) above, in order of the lowest to highest rates of interest or margins (or, if two or more Banks bid at the same rates of interest, and the amount of accepted offers is less than the aggregate amount of such offers, the amount to be borrowed from such Banks as part of such B Borrowing shall be allocated among such Banks pro rata on the basis of the maximum amount offered by such Banks at such rates or margin in connection with such B Borrowing), in any aggregate amount up to the aggregate amount initially requested by such Borrower in the relevant Notice of B Borrowing, by giving notice to the Agent of the amount of each B Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to such Borrower by the Agent on behalf of such Bank for such B Advance pursuant to paragraph (ii) above) to be made by each Bank as part of such B Borrowing, and reject any remaining offers made by Banks pursuant to paragraph (ii) above by giving the Agent notice to that effect.

(iv) If the Borrower requesting such B Borrowing notifies the Agent that such B Borrowing is cancelled pursuant to paragraph (iii)(A) above, the

Agent shall give prompt notice thereof to the Banks and such B Borrowing shall not be made.

(v) If the Borrower requesting such B Borrowing accepts one or more of the offers made by any Bank or Banks pursuant to paragraph (iii)(B) above, the Agent shall in turn promptly notify (A) each Bank that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such B Borrowing and whether or not any offer or offers made by such Bank pursuant to paragraph (ii) above have been accepted by such Borrower, (B) each Bank that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Bank as part of such B Borrowing, and (C) each Bank that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Bank that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Bank shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at its New York address referred to in Section 8.02 such Bank's portion of such B Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to such Borrower at the Agent's aforesaid address. Promptly after each B Borrowing the Agent will notify each Bank of the amount of the B Borrowing, the Borrower to which such B Borrowing was made, the consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(b) Each B Borrowing shall be in an aggregate amount of not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof. Each Borrower agrees that it will not request a B Borrowing unless, upon the making of such B Borrowing, the limitations set forth in the proviso to the first sentence of Section 2.16(a) are complied with.

(c) Within the limits and on the conditions set forth in this Section 2.16, each Borrower may from time to time borrow under this Section 2.16, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.16, provided that a B Borrowing shall not be made by any Borrower within three Business Days of the date of another B Borrowing to such Borrower.

(d) Each Borrower shall repay to the Agent for the account of each Bank which has made a B Advance to such Borrower, or each other holder of a B Note of such Borrower, on the maturity date of each B Advance made to such Borrower (such maturity date being that specified by such Borrower for repayment of such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and provided

in the B Note, if any, evidencing such B Advance) the then unpaid principal amount of such B Advance. No Borrower shall have any right to prepay any principal amount of any B Advance unless, and then only on the terms, specified by such Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and set forth in the B Note evidencing such B Advance.

(e) Each Borrower shall pay interest on the unpaid principal amount of each B Advance made to such Borrower from the date of such B Advance to the date the principal amount of such B Advance is repaid in full, at the rate of interest for such B Advance specified by the Bank making such B Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by such Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above, as provided in the B Note evidencing such B Advance.

(f) The indebtedness of each Borrower resulting from each B Advance made to such Borrower as part of a B Borrowing shall, if requested by the Bank making such B Advance, be evidenced by a separate B Note of such Borrower payable to the order of the Bank making such B Advance.

(g) The failure of any Bank to make the B Advance to be made by it as part of any B Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its B Advance on the date of such B Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the B Advance to be made by such other Bank on the date of any B Borrowing.

Section 2.17 Optional Termination. Notwithstanding anything to the contrary in this Agreement, if (i) any Person (other than a trustee or other fiduciary holding securities under an employee benefit plan of TWC or of any Subsidiary of TWC) or two or more Persons acting in concert (other than any group of employees of TWC or of any of its Subsidiaries) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of securities of TWC (or other securities convertible into such securities) representing 35% or more of the combined voting power of all securities of TWC entitled to vote in the election of directors, other than securities having such power only by reason of the happening of a contingency, or (ii) during any period of up to 24 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of TWC or who were elected by individuals who at the beginning of such period were such directors or by individuals elected in accordance with this clause (ii) shall cease for any reason (other than as a result of death, incapacity or normal retirement) to constitute a majority of the board of directors of TWC, or (iii) any Person (other than TWC or a Wholly-Owned Subsidiary of TWC) or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a merger or purchase agreement with a Borrower pursuant to which such Person or Persons shall have acquired the power to exercise, directly or indirectly, a controlling influence over the management or policies of any Borrower; then the Agent shall at the request, or may

with the consent, of the Majority Banks, by notice to the Borrowers, declare all of the Commitments and the obligation of each Bank to make Advances to be terminated, whereupon all of the Commitments and each such obligation shall forthwith terminate, and no Borrower shall have any further right to borrow hereunder.

Section 2.18 Extension of Termination Date. By notice given to the Agent and the Banks, at least thirty days but not more than sixty days before July 1 of any year after 2003, the Borrowers may request the Banks to extend the Stated Termination Date for an additional year to a date which is an anniversary date of the Stated Termination Date. Within thirty days after receipt of such request, each Bank that agrees, in its sole and absolute discretion, to so extend the Stated Termination Date shall notify the Borrowers and the Agent in writing that it so agrees, and if all Banks so agree the Stated Termination Date shall be so extended.

Section 2.19 Voluntary Conversion of Advances. Any Borrower may on any Business Day, if no Event of Default then exists as to such Borrower, upon notice (which shall be irrevocable) given to the Agent not later than 11:00 A.M. (x) in the case of a proposed Conversion into Eurodollar Rate Advances, on the third Business Day prior to the date of the proposed conversion, and (y) in the case of a proposed Conversion into Base Rate Advances, on the date of the proposed Conversion, and subject to the provisions of Sections 2.02 and 2.12, Convert all Advances of one Type comprising the same A Borrowing into Advances of the other Type; provided that (i) no Conversion of any Eurodollar Rate Advances shall occur on a day other than the last day of an Interest Period for such Eurodollar Rate Advances, except as contemplated by Section 2.12, and (ii) Advances may not be Converted into Eurodollar Rate Advances if the aggregate unpaid principal amount of the Advances is less than \$10,000,000. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the A Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the Interest Period for each such Advance.

Section 2.20 Automatic Provisions.

(a) If any Borrower shall fail to select the duration of any Interest Period for Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01 and no Event of Default shall exist, the Agent will forthwith so notify such Borrower and the Banks, and such Advances will automatically, on the last day of the then existing Interest Period therefor, continue as Eurodollar Rate Advances with an Interest Period of one month. If any Event of Default shall exist, such Advances shall convert into Base Rate Advances on the last day of the then existing Interest Period.

(b) On the date on which the aggregate unpaid principal amount of the Eurodollar Rate Advances of any Borrower shall be reduced to less than \$10,000,000, all of such Eurodollar Rate Advances shall automatically Convert into Base Rate Advances.

ARTICLE III

CONDITIONS

Section 3.01 Conditions Precedent to Initial Advances. The obligation of each Bank to make its initial Advance on or after the date hereof is subject to the condition precedent that the Agent shall have received on or before the date hereof, each dated on or before such date, in form and substance satisfactory to the Agent and (except for the NoteS, if any) in sufficient copies for each Bank:

(a) The A Notes executed severally by each of the respective Borrowers to the order of each of the respective Banks which has requested an A Note prior to the date hereof and this Agreement executed by the Borrowers.

(b) Certified copies of the resolutions of the Board of Directors, or the Executive Committee thereof, of each Borrower authorizing the execution of this Agreement and NoteS, to the extent such Notes may be requested by the Banks.

(c) A certificate of the Secretary or an Assistant Secretary of each Borrower certifying (i) that attached thereto is a complete and correct copy of the Certificate of Incorporation and Bylaws of such Borrower together with any amendments thereto, and (ii) the names and true signatures of the officers of such Borrower authorized to sign this Agreement, Notices of A Borrowing, Notices of B Borrowing and any NoteS to be executed by such Borrower and any other documents to be delivered hereunder by such Borrower.

(d) An opinion of William G. von Glahn, General Counsel of TWC, substantially in the form of Exhibit C hereto and as to such other matters as any Bank through the Agent may reasonably request.

(e) An opinion of Mayer, Brown & Platt, special counsel to the Agent, substantially in the form of Exhibit D hereto.

(f) Evidence that principal and interest on all loans and advances outstanding and all accrued fees and other obligations owed by any borrower pursuant to that certain Second Amended and Restated Credit Agreement dated as of July 23, 1997, as amended, among the Borrowers (as defined therein), the financial institutions parties thereto (the "Prior Banks"), and Citibank, N.A., as agent for the Prior Banks, have been paid in full, which payments may be made with the proceeds of the initial Borrowing.

(g) A certificate of an officer of each Borrower stating the respective ratings by each of S&P and Moody's of the senior unsecured long-term debt of such Borrower as in effect on the date of this Agreement.

Section 3.02 Additional Conditions Precedent to Each A Borrowing. The obligation of each Bank to make an A Advance to a Borrower on the occasion of any

A Borrowing (including the initial A Borrowing) shall be subject to the further conditions precedent that on the date of such A Borrowing the following statements shall be true (and each of the giving of the applicable Notice of A Borrowing and the acceptance by such Borrower of the proceeds of such A Borrowing shall constitute a representation and warranty by such Borrower that on the date of such A Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.01 pertaining to such Borrower and its Subsidiaries are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) No event has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both; and

(c) After giving effect to such A Borrowing and all other Borrowings which have been requested on or prior to such date but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks to TWC (computed without regard to any B Reduction).

Section 3.03 Conditions Precedent to Each B Borrowing. The obligation of each Bank which is to make a B Advance to a Borrower on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the further conditions precedent that (i) at or before the time required by paragraph (iii) of Section 2.16(a), the Agent shall have received the written confirmatory notice of such B Borrowing contemplated by such paragraph, (ii) on or before the date of such B Borrowing, but prior to such B Borrowing, if the Bank making any B Advance shall have requested a B Note pursuant to Section 2.16(a)(ii), the Agent shall have received a B Note executed by such Borrower payable to the order of such Bank for the B Advances to be made by such Bank as part of such B Borrowing, in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.16, and (iii) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by such Borrower of the proceeds of such B Borrowing shall constitute a representation and warranty by such Borrower that on the date of such B Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.01 pertaining to such Borrower and its Subsidiaries are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) No event has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, which constitutes an

Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

(c) Following the making of such B Borrowing and all other Borrowings to be made on the same day to such Borrower under this Agreement, the aggregate principal amount of all Advances to such Borrower then outstanding will not exceed the aggregate amount of the Commitments to such Borrower (computed without regard to any B Reduction), and

(d) After giving effect to such B Borrowing and all other Borrowings which have been requested on or prior to such date but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks to TWC (computed without regard to any B Reduction).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Borrowers.

Each Borrower represents and warrants as to itself and its Subsidiaries as follows:

(a) Each Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of such Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of each Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of a Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of such Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by each Borrower of this Agreement and the Notes, if any, delivered hereunder and the consummation of the transactions contemplated by this Agreement are within such Borrower's corporate or limited liability company powers, have been duly authorized by all necessary corporate

or limited liability company action, do not contravene (i) such Borrower's charter, by-laws, or formation agreement, or (ii) law or any contractual restriction binding on or affecting such Borrower and will not result in or require the creation or imposition of any Lien prohibited by this Agreement.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by any Borrower of this Agreement or the Notes, if any, or the consummation of the transactions contemplated by this Agreement.

(d) This Agreement has been duly executed and delivered by each Borrower. This Agreement is the legal, valid and binding obligation of each Borrower enforceable against each Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity. The A Notes, if any, of each Borrower are, and when executed the B Notes, if any, of such Borrower will be, the legal, valid and binding obligations of such Borrower enforceable against such Borrower in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) (i) The Consolidated and Consolidating balance sheets of TWC and its Subsidiaries as at December 31, 1999, and the related Consolidated and Consolidating statements of income and cash flows of TWC and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the Consolidated and Consolidating balance sheets of TWC and its Subsidiaries as at March 31, 2000, and the related Consolidated and Consolidating statements of income and cash flows of TWC and its Subsidiaries for the three months then ended, duly certified by an authorized financial officer of TWC, copies of which have been furnished to each Bank, fairly present, (in the case of such balance sheets as at March 31, 2000, and such statements of income and cash flows for the three months then ended, subject to year-end audit adjustments) the Consolidated and Consolidating financial condition of TWC and its Subsidiaries as at such dates and the Consolidated and Consolidating results of operations of TWC and its Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since March 31, 2000, there has been no material adverse change in the condition or operations of TWC or its Subsidiaries.

(ii) The Consolidating balance sheets of TWC and its Subsidiaries as at December 31, 1999, and March 31, 2000, referred to in Section 4.01(e)(i), and the related Consolidating statements of income and cash flows of TWC and its Subsidiaries for the fiscal year and three months, respectively, then ended referred to in Section 4.01(e)(i), to the extent such balance sheets and statements pertain to NWP, fairly present (subject, in the case of such balance sheet as at March 31,

2000 and such statements of income and cash flows for the three months then ended, to year-end audit adjustments) the Consolidated financial condition of NWP and its Subsidiaries as at such dates and the Consolidated results of operations of NWP and its Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since March 31, 2000, there has been no material adverse change in the condition or operations of NWP or its Subsidiaries.

(iii) [Intentionally Omitted]

(iv) The Consolidated balance sheet of TGPL and its Subsidiaries as at December 31, 1999, and the related Consolidated statement of income and cash flows of TGPL and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the Consolidated balance sheet of TGPL and its Subsidiaries as at March 31, 2000, and the related Consolidated statement of income and cash flows of TGPL and its Subsidiaries for the three months then ended, duly certified by an authorized financial officer of TGPL, copies of which have been furnished to each Bank, fairly present, subject, in the case of such balance sheet as at March 31, 2000, and such statement of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of TGPL and its Subsidiaries as at such dates and the Consolidated results of operations of TGPL and its Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since March 31, 2000, there has been no material adverse change in the condition or operations of TGPL or its Subsidiaries.

(v) The Consolidated balance sheet of TGT and its Subsidiaries as at December 31, 1999, and the related Consolidated statement of income and cash flows of TGT and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the Consolidated balance sheet of TGT and its Subsidiaries as at March 31, 2000, and the related Consolidated statement of income and cash flows of TGT and its Subsidiaries for the three months then ended, duly certified by an authorized financial officer of TGT, copies of which have been furnished to each Bank, fairly present, subject, in the case of such balance sheet as at March 31, 2000, and such statement of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of TGT and its Subsidiaries as at such dates and the Consolidated results of operations of TGT and its Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since March 31, 2000, there has been no material adverse change in the condition or operations of TGT or its Subsidiaries.

(f) Except as set forth in the Public Filings or as otherwise disclosed in writing by a Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, there is, as to each Borrower, no pending or, to the knowledge of such Borrower, threatened action or proceeding affecting such Borrower or any material Subsidiary of such Borrower (or, in the case of TWC, the Borrower, any Subsidiary of the Borrower or any WCG Subsidiary) before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of such Borrower and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Agreement or any Note.

(g) No proceeds of any Advance will be used for any purpose or in any manner not permitted by Section 5.02(k).

(h) No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any such margin stock (other than purchases of common stock expressly permitted by Section 5.02(k)) or to extend credit to others for the purpose of purchasing or carrying any such margin stock. Following the application of the proceeds of each Advance, not more than 25% of the value of the assets of any Borrower will be represented by such margin stock and not more than 25% of the value of the assets of any Borrower and its Subsidiaries (or, in the case of TWC, the Borrower, its Subsidiaries and the WCG Subsidiaries) will be represented by such margin stock.

(i) No Borrower is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(j) No Termination Event has occurred or is reasonably expected to occur with respect to any Plan that could reasonably be expected to have a material adverse effect on any of the Borrowers or on any material Subsidiary of a Borrower (including, in the case of TWC, any material WCG Subsidiaries). No Borrower nor any ERISA Affiliate of any Borrower has received any notification that any Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no Borrower is aware of any reason to expect that any Multiemployer Plan is to be in reorganization or to be terminated within the meaning of Title IV of ERISA that would have any material adverse effect on any Borrower, any material Subsidiary of a Borrower (including, in the case of TWC, any material WCG Subsidiaries) or any ERISA Affiliate of a Borrower.

(k) As of the date of this Agreement, the United States federal income tax returns of each Borrower and the material Subsidiaries of each Borrower have been examined through the fiscal year ended December 31, 1995. Each Borrower and the

Subsidiaries of each Borrower have filed all United States federal income tax returns and all other material domestic tax returns which are required to be filed by them and have paid, or provided for the payment before the same become delinquent of, all taxes due pursuant to such returns or pursuant to any assessment received by any Borrower or any such Subsidiary, other than those taxes contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of each Borrower and the material Subsidiaries of each Borrower in respect of taxes are adequate.

(l) No Borrower is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(m) Except as set forth in the Public Filings or as otherwise disclosed in writing by a Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, the Borrowers and their respective material Subsidiaries are in compliance in all material respects with all Environmental Protection Statutes to the extent material to their respective operations or financial condition. Except as set forth in the Public Filings or as otherwise disclosed in writing by a Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, the aggregate contingent and non-contingent liabilities of each Borrower and its Subsidiaries (other than those reserved for in accordance with generally accepted accounting principles and set forth in the financial statements regarding such Borrower referred to in Section 4.01(e) and delivered to each Bank and excluding liabilities to the extent covered by insurance if the insurer has confirmed that such insurance covers such liabilities or which such Borrower reasonably expects to recover from ratepayers) which are reasonably expected to arise in connection with (i) the requirements of Environmental Protection Statutes or (ii) any obligation or liability to any Person in connection with any Environmental matters (including, without limitation, any release or threatened release (as such terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980) of any Hazardous Waste, Hazardous Substance, other waste, petroleum or petroleum products into the Environment) could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries, taken as a whole. For purposes of this clause (m) of Section 4.01, "Subsidiaries" shall be deemed to include WCG Subsidiaries

ARTICLE V

COVENANTS OF THE BORROWERS

Section 5.01 Affirmative Covenants. So long as any Note shall remain unpaid, any Advance shall remain outstanding or any Bank shall have any Commitment to any Borrower hereunder, each Borrower will, unless the Majority Banks shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (except where failure to comply could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries taken as a whole), such compliance to include, without limitation, the payment and discharge before the same become delinquent of all taxes, assessments and governmental charges or levies imposed upon it or any of its Subsidiaries or upon any of its property or any property of any of its Subsidiaries, and all lawful claims which, if unpaid, might become a Lien upon any property of it or any of its Subsidiaries, provided that no Borrower nor any Subsidiary of a Borrower shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of such Borrower or such Subsidiary, as the case may be.

(b) Reporting Requirements. Furnish to each of the Banks:

(i) as soon as possible and in any event within five days after the occurrence of each Event of Default or each event which, with the giving of notice or lapse of time or both, would constitute an Event of Default, continuing on the date of such statement, a statement of an authorized financial officer of such Borrower setting forth the details of such Event of Default or event and the actions, if any, which such Borrower has taken and proposes to take with respect thereto;

(ii) as soon as available and in any event not later than 60 days after the end of each of the first three quarters of each fiscal year of such Borrower, the Consolidated (and, in the case of TWC, the Consolidating) balance sheets of such Borrower and its Subsidiaries as of the end of such quarter and the Consolidated (and, in the case of TWC, the Consolidating) statements of income and cash flows of such Borrower and its Subsidiaries for the period commencing at the end of the previous year and ending with the end of such quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments) by an authorized financial officer of such Borrower as having been prepared in accordance with generally accepted accounting principles provided, that, if any financial statement referred to in this clause (ii) of Section 5.01(b) is readily available on-line through EDGAR, such Borrower shall not be obligated to furnish copies of such financial statement. An authorized financial officer of such Borrower shall furnish a certificate (a) stating that he has no knowledge that an Event of Default, or an event which, with notice or lapse of time or both, would constitute an Event of Default has occurred and is continuing or, if an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof and the action, if any, which such Borrower proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of Section 5.02(b), provided that, in the case of TWC, for purposes of the clause

(b)(ii) and (b)(iii) of this Section 5.01, "Subsidiaries" when used in relation to a Consolidated balance sheet and the related statements of income and cash flow shall include the WCG Subsidiaries;

(iii) as soon as available and in any event not later than 105 days after the end of each fiscal year of such Borrower, a copy of the annual audit report for such year for such Borrower and its Subsidiaries, including therein Consolidated (and, in the case of TWC, Consolidating) balance sheets of such Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated (and, in the case of TWC, Consolidating) statements of income and cash flows of such Borrower and its Subsidiaries for such fiscal year, in each case prepared in accordance with generally accepted accounting principles and certified by Ernst & Young, LLP or other independent certified public accountants of recognized standing acceptable to the Majority Banks provided, that if any financial statement referred to in this clause (iii) of Section 5.02(b) is readily available on-line through EDGAR, such Borrower shall not be obligated to furnish copies of such financial statement. Each Borrower shall also deliver in conjunction with such financial statements a certificate of such accounting firm to the Banks (a) stating that, in the course of the regular audit of the business of such Borrower and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that an Event of Default or an event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred and is continuing, or if, in the opinion of such accounting firm, an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof, and (b) showing in detail the calculations supporting such statement in respect of Section 5.02(b); provided, however, that in the case of NWP the primary audited financial statements required by this Section 5.01(b)(iii) may be presented on a historical cost basis, but such audited financial statements shall include, as additional information, on a push-down basis reflecting the purchase price of NWP paid by TWC, a Consolidated balance sheet, a Consolidated statement of income and a Consolidated cash flow statement of NWP and its Subsidiaries as of the end of and for the relevant fiscal year, all prepared in accordance with generally accepted accounting principles but excluding footnotes for the push-down financial statements;

(iv) such other information respecting the business or properties, or the condition or operations, financial or otherwise, of such Borrower or any of its material Subsidiaries as any Bank through the Agent may from time to time reasonably request;

(v) promptly after the sending or filing thereof, copies of all proxy material, reports and other information which such Borrower sends to any of its security holders, and copies of all final reports and final registration statements which such Borrower or any material Subsidiary of such Borrower files with the

Securities and Exchange Commission or any national securities exchange; provided, that, if such proxy materials and reports, registration statements and other information are readily available on-line through EDGAR, such Borrower or material Subsidiary shall not be obligated to furnish copies thereof;

(vi) as soon as possible and in any event within 30 Business Days after such Borrower or any ERISA Affiliate of such Borrower knows or has reason to know (A) that any Termination Event described in clause (i) of the definition of Termination Event with respect to any Plan has occurred that could have a material adverse effect on such Borrower or any material Subsidiary of such Borrower (or, in the case of TWC, any material WCG Subsidiary) or any ERISA Affiliate of such Borrower or (B) that any other Termination Event with respect to any Plan has occurred or is reasonably expected to occur that could have a material adverse effect on such Borrower, or any material Subsidiary of such Borrower (including, in the case of TWC, any material WCG Subsidiary) or any ERISA Affiliate of such Borrower, a statement of the chief financial officer or chief accounting officer of such Borrower describing such Termination Event and the action, if any, which such Borrower, such Subsidiary or such ERISA Affiliate of such Borrower proposes to take with respect thereto;

(vii) promptly and in any event within 25 Business Days after receipt thereof by such Borrower or any ERISA Affiliate of such Borrower, copies of each notice received by such Borrower or any ERISA Affiliate of such Borrower from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) within 30 days following request therefor by any Bank, copies of each Schedule B (Actuarial Information) to each annual report (Form 5500 Series) of such Borrower or any ERISA Affiliate of such Borrower with respect to each Plan;

(ix) promptly and in any event within 25 Business Days after receipt thereof by such Borrower or any ERISA Affiliate of such Borrower from the sponsor of a Multiemployer Plan, a copy of each notice received by such Borrower or any ERISA Affiliate of such Borrower concerning (A) the imposition of a Withdrawal Liability by a Multiemployer Plan, (B) the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA, (C) the termination of a Multiemployer Plan within the meaning of Title IV of ERISA, or (D) the amount of liability incurred, or expected to be incurred, by such Borrower or any ERISA Affiliate of such Borrower in connection with any event described in clause (A), (B) or (C) above that, in each case, could have a material adverse effect on such Borrower or any ERISA Affiliate of such Borrower;

(x) not more than 60 days (or 105 days in the case of the last fiscal quarter of a fiscal year of such Borrower) after the end of each fiscal quarter of such Borrower, a certificate of an authorized financial officer of such Borrower stating the respective ratings, if any, by each of S&P and Moody's of the senior unsecured long-term debt of such Borrower as of the last day of such quarter; and

(xi) promptly after any withdrawal or termination of any letter of credit, guaranty, insurance or other credit enhancement referred to in the second to last sentence of Section 1.05 or any change in the indicated rating set forth therein or any change in, or issuance, withdrawal or termination of, the rating of any senior unsecured long-term debt of such Borrower by S&P or Moody's, notice thereof.

(c) Maintenance of Insurance. Maintain, and cause each of its material Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Borrower or its Subsidiaries operate, provided that such Borrower or any of its Subsidiaries may self-insure to the extent and in the manner normal for companies of like size, type and financial condition.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified, and cause each Subsidiary to qualify and remain qualified, as a foreign corporation in each jurisdiction in which qualification is necessary or desirable in view of its business and operations or the ownership of its properties, except (i) in the case of any Non-Borrowing Subsidiary of such Borrower, where the failure of such Subsidiary to so preserve, maintain, qualify and remain qualified could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries taken as a whole; (ii) in the case of such Borrower, where the failure of such Borrower to preserve and maintain such rights, franchises and privileges and to so qualify and remain qualified could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries taken as a whole, (iii) such Borrower and its Subsidiaries may consummate any merger or consolidation permitted pursuant to Section 5.02(c), and (iv) any Borrower and any of its Subsidiaries may be converted into a limited liability company by statutory election; provided that any such conversion of a Borrower shall not affect its obligations to the Banks pursuant to this Agreement.

Section 5.02 Negative Covenants. So long as any Note shall remain unpaid, any Advance shall remain outstanding or any Bank shall have any Commitment to any Borrower hereunder, no Borrower will, without the written consent of the Majority Banks:

(a) Liens, Etc. Create, assume, incur or suffer to exist, or permit any of its Subsidiaries to create, assume, incur or suffer to exist, any Lien on or in respect of any of its property, whether now owned or hereafter acquired, or assign or otherwise convey, or permit any such Subsidiary to assign or otherwise convey, any right to receive income, in each case to secure or provide for the payment of any Debt of any Person, except that:

(i) TWC and its Non-Borrowing Subsidiaries which are not Subsidiaries of any other Borrower may create, incur, assume or suffer to exist Permitted TWC Liens;

(ii) [Intentionally Deleted];

(iii) NWP and its Non-Borrowing Subsidiaries may create, incur, assume or suffer to exist Permitted NWP Liens;

(iv) TGPL and its Non-Borrowing Subsidiaries may create, incur, assume or suffer to exist Permitted TGPL Liens; and

(v) TGT and its Non-Borrowing Subsidiaries may create, incur, assume or suffer to exist Permitted TGT Liens.

(b) Debt.

(i) In the case of TWC, permit the ratio of (A) the aggregate amount of Net Debt of TWC to (B) the sum of the Consolidated Net Worth of TWC plus Net Debt of TWC to exceed 0.65 to 1.0 at any time; and

(ii) In the case of any Borrower (other than TWC), permit the ratio of (A) the aggregate amount of all Debt of such Borrower and its Subsidiaries on a Consolidated basis, excluding Debt which is Non-Recourse Debt with respect to such Borrower, to (B) the sum of the Consolidated Net Worth of such Borrower plus the aggregate amount of all Debt of such Borrower and its Subsidiaries on a Consolidated basis to exceed 0.60 to 1.0 at any time.

(c) Merger and Sale of Assets. Merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, or permit any of its material Subsidiaries to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, except that this Section 5.02(c) shall not prohibit:

(i) any Borrower and its Subsidiaries from selling, leasing or otherwise transferring their respective assets in the ordinary course of business;

(ii) any merger, consolidation or sale, lease or other transfer of assets involving only TWC and its Subsidiaries; provided, however, that transactions under this paragraph (ii) shall be permitted if, and only if, (x) there shall not exist

or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default and (y) in the case of each transaction referred to in this paragraph (ii) involving any Borrower or any of its Subsidiaries, such transaction could not reasonably be expected to impair materially the ability of such Borrower to perform its obligations hereunder and under any Notes issued pursuant hereto and such Borrower shall continue to exist;

(iii) any Borrower and its Subsidiaries from selling, leasing or otherwise transferring their respective gathering assets and other production area facilities, or the stock of any Person substantially all of the assets of which are gathering assets and other production area facilities, to TWC or to any Subsidiary of TWC for consideration that is not materially less than the net book value of such assets and facilities; provided, however, that transactions under this paragraph (iii) shall be permitted if, and only if, there shall not exist or such transaction should not result in an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default; or

(iv) sales of receivables of any kind.

(d) Agreements to Restrict Dividends and Certain Transfers. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any consensual encumbrance or restriction on the ability of any Subsidiary of TWC (i) to pay, directly or indirectly, dividends or make any other distributions in respect of its capital stock or pay any Debt or other obligation owed to TWC or to any Subsidiary of TWC; or (ii) to make loans or advances to TWC or any Subsidiary of TWC, except (1) encumbrances and restrictions on any immaterial Non-Borrowing Subsidiary of TWC, (2) those encumbrances and restrictions existing on the date hereof, and (3) other customary encumbrances and restrictions now or hereafter existing of any Borrower or any of its Non-Borrowing Subsidiaries entered into in the ordinary course of business that are not more restrictive in any material respect than the encumbrances and restrictions with respect to such Borrower or its Non-Borrowing Subsidiaries existing on the date hereof.

(e) Loans and Advances; Investments. Make or permit to remain outstanding, or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary, except that a Borrower and its Subsidiaries may permit to remain outstanding loans and advances to a WCG Subsidiary existing as of the date hereof and listed on Exhibit E hereof (and such WCG Subsidiaries may permit such loans and advances on Exhibit E to remain outstanding). Except for those investments in existence on the date hereof and listed on Exhibit E hereof, no Borrower shall, and no Borrower shall permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary.

(f) Maintenance of Ownership of Certain Subsidiaries. Sell, issue or otherwise dispose of, or create, assume, incur or suffer to exist any Lien on or in respect of, or permit any of its Subsidiaries to sell, issue or otherwise dispose of or create, assume, incur or suffer to exist any Lien on or in respect of, any shares of or any interest in any shares of the capital stock or other ownership interests of (1) WPC, TGPL, TGT or NWP or any of their respective material Subsidiaries or (2) any Subsidiary of TWC at the time it owns any shares of or any interest in any shares of the capital stock or other ownership interests of WPC, TGPL, TGT or NWP or any of their respective material Subsidiaries; provided, however, that, this Section 5.02(f) shall not prohibit the sale or other disposition of the stock of any Subsidiary of TWC to TWC or any Wholly-Owned Subsidiary of TWC if, but only if, (x) there shall not exist or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default and (y) in the case of each sale or other disposition referred to in this proviso involving any Borrower or any of its Subsidiaries, such sale or other disposition could not reasonably be expected to impair materially the ability of such Borrower to perform its obligations hereunder and under the Notes and such Borrower shall continue to exist. Nothing herein shall be construed to permit any Borrower or any Subsidiary of a Borrower to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by clause (e) of this Section 5.02.

(g) Compliance with ERISA. (i) Terminate, or permit any ERISA Affiliate of such Borrower to terminate, any Plan so as to result in any material liability of such Borrower or any material Subsidiary of such Borrower (including, in the case of TWC, any material WCG Subsidiary) or any such ERISA Affiliate to the PBGC or (ii) permit to exist any occurrence of any Termination Event with respect to a Plan which would have a material adverse effect on such Borrower or any material Subsidiary of such Borrower (including, in the case of TWC, any material WCG Subsidiary).

(h) Transactions with Related Parties. Make any sale to, make any purchase from, extend credit to, make payment for services rendered by, or enter into any other transaction with, or permit any material Subsidiary of such Borrower to make any sale to, make any purchase from, extend credit to, make payment for services rendered by, or enter into any other transaction with, any Related Party of such Borrower or of such Subsidiary unless as a whole such sales, purchases, extensions of credit, rendition of services and other transactions are (at the time such sale, purchase, extension of credit, rendition of services or other transaction is entered into) on terms and conditions reasonably fair in all material respects to such Borrower or such Subsidiary in the good faith judgment of such Borrower.

(i) Guarantees. After the date of this Agreement, enter into any agreement to guarantee or otherwise become contingently liable for, or permit any of its Subsidiaries to guarantee or otherwise become contingently liable for, Debt or any other obligation of any WCG Subsidiary or to otherwise insure a WCG Subsidiary against loss.

(j) Sale and Lease-Back TransactionS. Enter into, or permit any of its Subsidiaries to enter into, any Sale and Lease-Back Transaction, if after giving effect thereto such Borrower would not be permitted to incur at least \$1.00 of additional Debt secured by a Lien permitted by (i) paragraph (z) of Schedule III in the case of NWP and its Subsidiaries, (ii) paragraph (z) of Schedule VI in the case of TWC and its Non-Borrowing Subsidiaries which are not Subsidiaries of any other Borrower, (iii) paragraph (z) of Schedule IV in the case of TGPL and its Subsidiaries and (iv) paragraph (z) of Schedule V in the case of TGT and its Subsidiaries.

(k) Use of Proceeds. Use any proceeds of any Advance for any purpose other than general corporate purposes relating to the business of a Borrower and its Subsidiaries, but excluding in the case of TWC, any WCG Subsidiary (including, without limitation, repurchases by TWC of its capital stock, working capital and capital expenditures), or use any such proceeds in any manner which violates or results in a violation of law; provided, however that no proceeds of any Advance will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, (other than any purchase of common stock of any corporation, if such purchase is not subject to Sections 13 and 14 of the Securities Exchange Act of 1934 and is not opposed, resisted or recommended against by such corporation or its management or directors, provided that the aggregate amount of common stock of any corporation (other than Apco Argentina Inc., a Cayman Islands corporation) purchased during any calendar year shall not exceed 1% of the common stock of such corporation issued and outstanding at the time of such purchase) or in any manner which contravenes law, and no proceeds of any Advance will be used to purchase or carry any margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), except purchases by TWC of its capital stock if, after giving effect thereto, none of the Advances would constitute purpose credit within the meaning of such Regulation U. No Borrower may use any Advance to make any loan or advance to, or to own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary or to acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) Any Borrower shall fail to pay any principal of any Advance or of any Note executed by it when the same becomes due and payable, or shall fail to pay any interest on any Advance or on any Note or shall fail to pay any fee or other amount to be paid by it hereunder within ten days after the same becomes due and payable; or

(b) Any certification, representation or warranty made by any Borrower herein or by any Borrower (or any officer of any Borrower) in writing under or in connection with this Agreement or any instrument executed in connection herewith (including, without limitation, representations and warranties deemed made pursuant to Section 3.02 or 3.03) shall prove to have been incorrect in any material respect when made or deemed made; or

(c) Any Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(b) on its part to be performed or observed and such failure shall continue for ten Business Days after the earlier of the date notice thereof shall have been given to such Borrower by the Agent or any Bank or the date such Borrower shall have knowledge of such failure, or (ii) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in Section 5.01(b)) or any Note on its part to be performed or observed and such failure shall continue for five Business Days after the earlier of the date notice thereof shall have been given to such Borrower by the Agent or any Bank or the date such Borrower shall have knowledge of such failure; or

(d) Any Borrower or any Subsidiary of any Borrower shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least \$60,000,000 in the aggregate (excluding Debt incurred pursuant to any Advance) of such Borrower and/or a Subsidiary of such Borrower (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment or as required pursuant to an illegality event of the type set forth in Section 2.12), prior to the stated maturity thereof; provided, however, that the provisions of this Section 6.01(d) shall not apply to any Non-Recourse Debt of any Non-Borrowing Subsidiary of a Borrower; or

(e) Any Borrower or any material Subsidiary of any Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Borrower or any material Subsidiary of any Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), shall remain

undismissed or unstayed for a period of 60 days; or any Borrower or any material Subsidiary of any Borrower shall take any action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$60,000,000 shall be rendered against any Borrower or any material Subsidiary of any Borrower and remain unsatisfied and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any Termination Event with respect to a Plan shall have occurred and, 30 days after notice thereof shall have been given to any Borrower by the Agent, (i) such Termination Event shall still exist and (ii) the sum (determined as of the date of occurrence of such Termination Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which a Termination Event shall have occurred and then exist (or in the case of a Plan with respect to which a Termination Event described in clause (ii) of the definition of Termination Event shall have occurred and then exist, the liability related thereto) is equal to or greater than \$75,000,000; or

(h) Any Borrower or any ERISA Affiliate of any Borrower shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date of such notification), exceeds \$75,000,000 in the aggregate or requires payments exceeding \$50,000,000 per annum; or

(i) Any Borrower or any ERISA Affiliate of any Borrower shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrowers and their respective ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years which include the date hereof by an amount exceeding \$75,000,000;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of Banks owed more than 50% in principal amount of the A Advances then outstanding or, if no A Advances are then outstanding, Banks having more than 50% of the principal amount of the Commitments, by notice to the Borrowers, declare all of the Commitments and the obligation of each Bank to make Advances to be terminated, whereupon all of the Commitments and each such obligation shall forthwith terminate, and (ii) shall at the request, or may with the consent, of Banks owed more than 50% in principal amount of the A Advances then outstanding or if no A Advances are then outstanding, Banks having more than 50% of the Commitments, or, if no A Advances are then outstanding and all Commitments have terminated, Banks owed more than

50% in principal amount of the B Advances then outstanding, by notice to the Borrower as to which an Event of Default exists (determined as contemplated by the definition herein of Events of Default), declare the principal of the Advances of such Borrower, all interest thereon and all other amounts payable by such Borrower under this Agreement to be forthwith due and payable, whereupon such principal of the Advances, such interest and all such amounts shall become and be forthwith due and payable, without requirement of any presentment, demand, protest, notice of intent to accelerate, further notice of acceleration or other further notice of any kind (other than the notice expressly provided for above), all of which are hereby expressly waived by each Borrower; provided, however, that in the event of any Event of Default described in Section 6.01(e), (A) the obligation of each Bank to make Advances shall automatically be terminated and (B) the principal of the Advances outstanding, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived by each Borrower. For purposes of this Section 6.01, any Advance owed to an SPC shall be deemed to be owed to its Designating Bank.

ARTICLE VII

THE AGENT

Section 7.01 Authorization and Action. Each Bank hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement of the terms of this Agreement or collection of the principal of, and interest on the Advances, fees and any other amount due and payable pursuant to this Agreement), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Banks owed more than 50% of the principal amount of the A Advances then outstanding is owed or, if no A Advances are then outstanding, Banks having more than 50% of the Commitments (or, if no A Advances are then outstanding and all Commitments have terminated, upon the instructions of Banks owed more than 50% of the principal amount of the B Advances then outstanding), and such instructions shall be binding upon all Banks; provided, however, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to any Note, this Agreement or applicable law. The Agent agrees to give to each Bank prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement.

Section 7.02 Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat a Bank as the obligee of any Advance or, if applicable, the payee of any Note until the Agent receives and accepts a Transfer Agreement executed by a Borrower (if required pursuant to Section 8.06), the Bank which the assignor Bank, and the assignee in accordance with the last

sentence of Section 8.06(a); (ii) may consult with legal counsel (including counsel for any Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations (whether written or oral) made in or in connection with any Note or this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Borrower or to inspect the property (including the books and records) of any Borrower; (v) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto (including any Note requested by a Bank, delivered to a Bank pursuant to Section 8.06 or otherwise held by a Bank); and (vi) shall incur no liability under or in respect of any Note or this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

Section 7.03 Citibank, Chase, Commerzbank, Credit Lyonnais and Affiliates. With respect to its Commitments, the Advances made by it and the Notes, if any, issued to it, Citibank shall have the same rights and powers under any such Note and this Agreement as any other Bank and may exercise the same as though it was not the Agent; with respect to its Commitments, the Advances made by it and the Notes, if any, issued to it, each of Chase, Commerzbank and Credit Lyonnais shall have the rights and powers under any Note and this Agreement as any other Bank and may exercise the same as though it was not a Co-Syndication Agent or Documentation Agent, as the case may be. The term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each of Citibank, Chase, Commerzbank and Credit Lyonnais in its individual capacity. Citibank, Chase, Commerzbank and Credit Lyonnais and the respective affiliates of each may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, any Borrower, any Subsidiary of any Borrower, any Person who may do business with or own, directly or indirectly, securities of any Borrower or any such Subsidiary and any other Person, all as if Citibank were not the Agent and Chase and Commerzbank were not the Co-Syndication Agents and Credit Lyonnais were not the Documentation Agent without any duty to account therefor to the Banks.

Section 7.04 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent, any Co-Syndication Agent, the Documentation Agent, the Arranger or any other Bank and based on the financial statements referred to in Section 4.01(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent, any Co-Syndication Agent, the Documentation Agent, the Arranger or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under any Note or this Agreement.

Section 7.05 Indemnification. The Banks agree to indemnify the Agent (to the extent not reimbursed by the Borrowers), ratably according to the respective principal amounts of the A Advances then owed to each of them (or if no A Advances are at the time outstanding, ratably according to either (i) the respective amounts of their Commitments to TWC, or (ii) if all Commitments to TWC have terminated, the respective amounts of the Commitments to TWC immediately prior to the time the Commitments to TWC terminated), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Bank shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement to the extent that the Agent is not reimbursed for such expenses by the Borrowers.

Section 7.06 Successor Agent. The Agent may resign at any time as Agent under this Agreement by giving written notice thereof to the Banks and the Borrowers and may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint, with the consent of TWC (which consent shall not be unreasonably withheld and shall not be required if an Event of Default exists), a successor Agent from among the Banks. If no successor Agent shall have been so appointed by the Majority Banks with such consent, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Agent, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a Bank which is a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent under this Agreement by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and shall function as the Agent under this Agreement, and the retiring Agent shall be discharged from its duties and obligations as Agent under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

Section 7.07 Co-Syndication Agents; Documentation Agent. The Co-Syndication Agents and the Documentation Agent have no duties or obligations under this Agreement. None of the Co-Syndication Agents or the Documentation Agent shall have, by reason of this Agreement or the Notes, if any, a fiduciary relationship in respect of any Bank or the holder of any Note, and nothing in this Agreement or the Notes, express or implied, is intended or shall be so construed to impose on any of the Co-Syndication Agents or the Documentation Agent any obligation in respect of this Agreement or the Notes.

ARTICLE VIII
MISCELLANEOUS

Section 8.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Banks, do any of the following: (a) waive any of the conditions specified in Article III, (b) increase the Commitments of the Banks or subject the Banks to any additional obligations, (c) reduce the principal of, or interest on, the outstanding Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the outstanding Advances or any fees or other amounts payable hereunder, (e) take any action which requires the signing of all the Banks pursuant to the terms of this Agreement, (f) change the definition of Majority Banks or otherwise change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Advances or B Advances, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Agreement, or (g) amend this Section 8.01; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Banks required above to take such action, affect the rights or duties of the Agent under any Note or this Agreement.

Section 8.02 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopy, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to any Bank, as specified opposite its name on Schedule I hereto or specified pursuant to Section 8.06(a); if to any Borrower, as specified opposite its name on Schedule II hereto; and if to Citibank, as Agent, to its address at 399 Park Avenue, New York, New York 10043, (telecopier number: (212) 527-1084), Attention: Bilal Aman, with a copy to Citicorp North America, Inc., 1200 Smith Street, Suite 2000, Houston, Texas 77002 (telecopier number: (713) 654-2849; telex number 127001 (Attn: Route Code HOUAA)), Attention: The Williams Companies, Inc. Account Officer; or, as to any Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrowers and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when received in the mail, sent by telecopier to any party to the telecopier number as set forth herein or on Schedule I or Schedule II or specified pursuant to Section 8.06(a) (or other telecopy number specified by such party in a written notice to the other parties hereto), delivered to the telegraph company, telexed to any party to the telex number set forth herein or on Schedule I or Schedule II or specified pursuant to Section 8.06(a) (or other telex number designated by such party in a written notice to the other parties hereto), confirmed by telex answerback, or delivered to the cable company, respectively, except that notices and communications to the Agent shall not be effective until received by the Agent. Any notice or communication to a Bank shall be deemed to be a notice or communication to any SPC

designated by such Bank and no further notice to an SPC shall be required. Delivery by telecopier of an executed counterpart of this Agreement or of any counterpart of any amendment or waiver of any provision of this Agreement or of any Schedule or Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

Section 8.03 No Waiver; Remedies. No failure on the part of any Bank or the Agent to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

Section 8.04 Costs and Expenses.

(a) (i) TWC agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Arranger and the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes, if any, and the other documents to be delivered under this Agreement, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement and any Note, and (ii) each Borrower agrees to pay on demand all costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses, which may include allocated costs of in-house counsel), of the Agent and each Bank in connection with the enforcement (whether before or after the occurrence of an Event of Default and whether through negotiations (including formal workouts and restructurings), legal proceedings or otherwise) against such Borrower of any Note of such Borrower or this Agreement and the other documents to be delivered by such Borrower under this Agreement.

(b) If any payment (or purchase pursuant to Section 2.11(c)) of principal of, or Conversion of, any Eurodollar Rate Advance or B Advance made to any Borrower is made other than on the last day of an Interest Period relating to such Advance (or in the case of a B Advance, other than on the original scheduled maturity date thereof), as a result of a payment pursuant to Section 2.10 or 2.12 or acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason or as a result of any purchase pursuant to Section 2.11(c) or any Conversion, such Borrower shall, upon demand by any Bank (with a copy of such demand to the Agent), pay to the Agent for the account of such Bank any amounts required to compensate such Bank for any additional losses, costs or expenses which it may reasonably incur as a result of any such payment, purchase or Conversion, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such Advance.

(c) Each Borrower agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Agent, the Arranger and each Bank and each of their respective

directors, officers, employees and agents from and against any and all claims, damages, liabilities and out-of-pocket expenses (including, without limitation, reasonable fees and disbursements of counsel) for which any of them may become liable or which may be incurred by or asserted against the Agent, the Arranger or such Bank or any such director, officer, employee or agent (other than by another Bank or any successor or assign of another Bank), in each case in connection with or arising out of or by reason of any investigation, litigation, or proceeding, whether or not the Agent, the Arranger or such Bank or any such director, officer, employee or agent is a party thereto, arising out of, related to or in connection with this Agreement or any transaction in which any proceeds of all or any part of the Advances are applied (other than any such claim, damage, liability or expense to the extent attributable to the gross negligence or willful misconduct of, or violation of any law or regulation by, either the party seeking indemnity under this Section 8.04(c) or any of its directors, officers, employees or agents).

Section 8.05 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Advances of a Borrower due and payable pursuant to the provisions of Section 6.01, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of such Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement and the Notes, if any, held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such Notes and although such obligations may be unmatured. Each Bank agrees promptly to notify such Borrower after such set-off and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Bank may have.

Section 8.06 Binding Effect; Transfers.

(a) This Agreement shall become effective when it shall have been executed by the Borrowers and the Agent and when each Bank listed on the signature pages hereof has delivered an executed counterpart hereof to the Agent, has sent to the Agent a facsimile copy of its signature hereon or has notified the Agent that such Bank has executed this Agreement and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Agent and each Bank and their respective successors and assigns, except that the Borrowers shall not have the right to assign any of their respective rights hereunder or any interest herein without the prior written consent of all of the Banks. Each Bank may assign to one or more banks, financial institutions or government entities all or any part of, or may grant participations to one or more banks, financial institutions or government entities in or to all or any part of, any Advance or Advances owing to such Bank, any Note or Notes held by such Bank and all or any portion of such Bank's Commitments, and to the extent of any such assignment or participation (unless

otherwise stated therein) the assignee or purchaser of such assignment or participation shall, to the fullest extent permitted by law, have the same rights and benefits hereunder and under such Note or Notes as it would have if it were such Bank hereunder, provided that, except in the case of an assignment meeting the requirements of the next sentence hereof, (1) such Bank's obligations under this Agreement, including, without limitation, its Commitments to the Borrowers hereunder, shall remain unchanged, such Bank shall remain responsible for the performance thereof, such Bank shall remain the holder of any such Note or Notes for all purposes under this Agreement, and the Borrowers, the other Banks and the Agent shall continue to deal solely with and directly with such Bank in connection with such Bank's rights and obligations under this Agreement; and (2) no Bank shall assign or grant a participation that conveys to the assignee or participant the right to vote or consent under this Agreement, other than the right to vote upon or consent to (i) any increase in the amount of any Commitment of such Bank; (ii) any reduction of the principal amount of, or interest to be paid on, such Bank's Advance or Advances; (iii) any reduction of any fee or other amount payable hereunder to such Bank; or (iv) any postponement of any date fixed for any payment of principal of, or interest on, such Bank's Advance or Advances or Note or Notes or any fee or other amount payable hereunder to such Bank.

If (I) the assignee of any Bank either (1) is another Bank or is an affiliate of a Bank (2) is approved in writing by the Agent and the Borrowers or (3) is approved in writing by the Agent and either an Event of Default exists or the Borrowers have relinquished the right to approve the assignment pursuant to Section 8.06(b), and (II) such assignee assumes all or any portion (which portion shall be a constant, and not a varying, percentage, and the amount of the Commitment to TWC assigned, whether all or a portion, shall be in a minimum amount of \$10,000,000 or such lesser amount as shall represent the entire remaining interest of such assigning Bank or as may be otherwise approved in writing by the Agent and TWC for such assignment) of each of the Commitments of such assigning Bank to the respective Borrowers (either all of each such Commitment shall be assigned or the percentage portion of each such Commitment assigned shall be the same as to each Borrower) by executing a document in the form of Exhibit F (or with such changes thereto as have been approved in writing by the Agent in its sole discretion as evidenced by its execution thereof) duly executed by the Agent, the Borrowers (unless an Event of Default exists), such assigning Bank and such assignee and delivered to the Agent ("Transfer Agreement"), then upon such delivery, (i) such assigning Bank shall be released from its obligations under this Agreement with respect to all or such portion, as the case may be, of its Commitments, (ii) such assignee shall become obligated for all or such portion, as the case may be, of such Commitments and all other obligations of such assigning Bank hereunder with respect to or arising as a result of all or such portion, as the case may be, of such Commitments, (iii) such assignee shall be assigned the right to vote or consent under this Agreement, to the extent of all or such portion, as the case may be, of such Commitments, (iv) each Borrower shall deliver, in replacement of any A Note of such Borrower executed to the order of such assigning Bank then outstanding or as may be requested by the assignee or assigning Bank (a) to such assignee upon its request or as required by Section 2.09, a new A Note of such

Borrower in the amount of the Commitment of such assigning Bank to such Borrower which is being so assumed by such assignee plus, in the case of any assignee which is already a Bank hereunder, the amount of such assignee's Commitment to such Borrower immediately prior to such assignment (any such assignee which is already a Bank hereunder agrees to mark "exchanged" and return to such Borrower, with reasonable promptness following the delivery of such new A Note, the A Note being replaced thereby, if any), (b) to such assigning Bank, upon its request or as required by Section 2.09, a new A Note in the amount of the balance, if any, of the Commitment of such assigning Bank to such Borrower (without giving effect to any B Reduction) retained by such assigning Bank (and such assigning Bank agrees to mark "Exchanged" and return to such Borrower, with reasonable promptness following delivery of such new A Notes, the A Note being replaced thereby), and (c) to the Agent, photocopies of such new A Notes, if any, (v) if such assignment is of all of such assigning Bank's Commitments to the Borrowers, all of the outstanding A Advances made by such assigning Bank shall be transferred to such assignee, (vi) if such assignment is not of all of such Commitments, a part of each A Advance to each Borrower equal to the amount of such Advance multiplied by a fraction, the numerator of which is the amount of such portion of such assigning Bank's Commitment to such Borrower so assumed and the denominator of which is the amount of the Commitment of such assigning Bank to such Borrower (without giving effect to any B Reduction) immediately prior to such assumption, shall be transferred to such assignee and evidenced by such assignee's A Note from such Borrower, if requested or required by Section 2.09, and the balance of such A Advance shall be evidenced by such assigning Bank's new A Note, if any, from such Borrower delivered pursuant to clause (iv)(b) of this sentence, (vii) if such assignee is not a "Bank" hereunder prior to such assignment, such assignee shall become a party to this Agreement as a Bank and shall be deemed to be a "Bank" hereunder, and the amount of all or such portion, as the case may be, of the Commitment to each of the respective Borrowers so assumed shall be deemed to be the amount for such Borrower set opposite such assigning Bank's name on Schedule X for purposes of this Agreement, and (viii) if such assignee is not a Bank hereunder prior to such assignment, such assignee shall be deemed to have specified the offices of such assignee named in the respective Transfer Agreement as its "Domestic Lending Office" and "Eurodollar Lending Office" for all purposes of this Agreement and to have specified for purposes of Section 8.02 the notice information set forth in such Transfer Agreement; and the Agent shall promptly after execution of any Transfer Agreement by the Agent and the other parties thereto notify the Banks of the parties to such Transfer Agreement and the amounts of the assigning Bank's Commitments assumed thereby.

(b) [Intentionally omitted]

(c) The Borrowers agree to promptly execute the Transfer Agreement pertaining to any assignment as to which approval by the Borrowers of the assignee is not required by clause (I) of the last sentence of Section 8.06(a).

(d) Notwithstanding anything to the contrary contained herein, any Bank (a "Designating Bank") with the consent of the Agent and, if no Event of Default has occurred and is continuing, the Borrowers may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Designating Bank to the Agent and the Borrowers, the option to fund all or any part of any A Advance that such Designating Bank is obligated to fund pursuant to this Agreement or to fund all or part of any B Advance to a Borrower pursuant to Section 2.16 which the Designating Bank has agreed to make; provided that, no Designating Bank shall have granted at any one time such option to more than one SPC and further provided that (i) such Designating Bank's obligations under this Agreement (including, without limitation, its Commitment to each Borrower hereunder) shall remain unchanged, (ii) such Designating Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrowers, the Agent and the other Banks shall continue to deal solely and directly with such Designating Bank in connection with such Designating Bank's rights and obligations under this Agreement, (iv) any such option granted to an SPC shall not constitute a commitment by such SPC to fund any Advance, and (v) neither the grant nor the exercise of such option to an SPC shall increase the costs or expenses or otherwise increase or change the obligations of a Borrower under this Agreement (including, without limitation, its obligations under Section 2.14). The making of an Advance by an SPC hereunder shall utilize the Commitment of the Designating Bank to the same extent, and as if, such Advance were made by such Designating Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement to the extent that any such indemnity or similar payment obligations shall have been paid by its Designating Bank. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States. In addition, notwithstanding anything to the contrary contained in this Section 8.06, an SPC may not assign its interest in any Advance except that, with notice to, but without the prior written consent of, the Borrowers and the Agent and without paying any processing fee therefor, such SPC may assign all or a portion of its interests in any Advances to the Designating Bank or to any financial institutions (consented to by the Borrowers and Agent), providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Advances. Each Designating Bank shall serve as the agent of its SPC and shall on behalf of its SPC: (i) receive any and all payments made for the benefit of such SPC and (ii) give and receive all communications and notices, and vote, approve or consent hereunder, and take all actions hereunder, including, without limitation, votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver, consent or amendment shall be signed by the Designating Bank for the SPC and need not be signed by such SPC on its own behalf. The Borrowers, the Agent and the Banks may rely thereon without any requirement that the SPC sign or acknowledge the same or that

notice be delivered to the Borrowers. This section may not be amended without the written consent of any SPC, which shall have been identified to the Agent and the Borrowers.

(e) Any Bank may assign, as collateral or otherwise, any of its rights (including, without limitation, rights to payments of principal of and/or interest on the Advances) under this Agreement or any of its Notes to any Federal Reserve Bank without notice to or consent of any Borrower or the Agent.

Section 8.07 Governing Law. This Agreement and the Notes, if any, shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 8.08 Interest. It is the intention of the parties hereto that the Agent and each Bank shall conform strictly to usury laws applicable to it, if any. Accordingly, if the transactions with the Agent or any Bank contemplated hereby would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary in this Agreement or any other agreement entered into in connection with or as security for this Agreement, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received by the Agent or such Bank, as the case may be, under the Notes, this Agreement or under any other agreement entered into in connection with or as security for this Agreement or the Notes shall under no circumstances exceed the maximum amount allowed by such applicable law and any excess shall be cancelled automatically and, if theretofore paid, shall at the option of the Agent or such Bank, as the case may be, be credited by the Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Agent or such Bank, as the case may be, by the appropriate Borrower or refunded by the Agent or such Bank, as the case may be, to the appropriate Borrower, and (ii) in the event that the maturity of any Note or other obligation payable to the Agent or such Bank, as the case may be, is accelerated or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to the Agent or such Bank, as the case may be, may never include more than the maximum amount allowed by such applicable law and excess interest, if any, to the Agent or such Bank, as the case may be, provided for in this Agreement or otherwise shall be cancelled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall, at the option of the Agent or such Bank, as the case may be, be credited by the Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Agent or such Bank, as the case may be, by the appropriate Borrower or refunded by the Agent or such Bank, as the case may be, to the appropriate Borrower.

Section 8.09 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 8.10 Survival of Agreements, Representations and Warranties, Etc. All warranties, representations and covenants made by any Borrower or any officer of any Borrower

herein or in any certificate or other document delivered in connection with this Agreement shall be considered to have been relied upon by the Banks and shall survive the issuance and delivery of the Notes, if any, and the making of the Advances regardless of any investigation. The indemnities and other payment obligations of each Borrower set forth in Sections 2.11, 2.14, and 8.04, and the indemnities by the Banks in favor of the Agent and its officers, directors, employees and agents, will survive the repayment of the Advances and the termination of this Agreement.

Section 8.11 Borrowers' Right to Apply Deposits. In the event that any Bank is placed in receivership or enters a similar proceeding, each Borrower may, to the full extent permitted by law, make any payment due to such Bank hereunder, to the extent of finally collected unrestricted deposits of such Borrower in U.S. dollars held by such Bank, by giving notice to the Agent and such Bank directing such Bank to apply such deposits to such indebtedness. If the amount of such deposits is insufficient to pay such indebtedness then due and owing in full, such Borrower shall pay the balance of such insufficiency in accordance with this Agreement.

Section 8.12 Confidentiality. Each Bank agrees that it will not disclose without the prior consent of TWC (other than to employees, auditors, accountants, counsel or other professional advisors of the Agent or any Bank) any information with respect to the Borrowers or their Subsidiaries, (which term, in the case of TWC, shall be deemed to include the WCG Subsidiaries), which is furnished pursuant to this Agreement and which (i) the Borrowers in good faith consider to be confidential and (ii) is either clearly marked confidential or is designated by the Borrowers to the Agent or the Banks in writing as confidential, provided that any Bank may disclose any such information (a) as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to or required by any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Bank or submitted to or required by the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in response to any summons or subpoena in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Bank, (e) to the prospective transferee or grantee in connection with any contemplated transfer of any of the Commitments or Advances or any interest therein by such Bank or the grant of an option to an SPC to fund any Advance, provided that such prospective transferee executes an agreement with or for the benefit of the Borrowers containing provisions substantially identical to those contained in this Section 8.12, and provided further that if the contemplated transfer is a grant of a participation in a Note (and not an assignment), no such information shall be authorized to be delivered to such participant pursuant to this clause (e) except (i) such information delivered pursuant to Section 4.01(e) or Section 5.01(b) (other than paragraph (iv) thereof) and if the contemplated transfer is a grant of an option to fund Advances to an SPC pursuant to Section 8.06(d), such SPC may disclose, on a confidential bases, any non-public information relating to Advances funded by it to any rating agency, commercial paper dealer or provider of any surety, guaranty or credit or liquidity enhancement to such SPC, and (ii) if prior notice of the delivery thereof is given to TWC, such information as may be required by law or regulation to be delivered, (f) in

connection with the exercise of any remedy by such Bank following an Event of Default pertaining to this Agreement, any of the Notes or any other document delivered in connection herewith, (g) in connection with any litigation involving such Bank pertaining to this Agreement, any of the Notes or any other document delivered in connection herewith, (h) to any Bank or the Agent, or (i) to any affiliate of any Bank, provided that such affiliate executes an agreement with or for the benefit of the Borrowers containing provisions substantially identical to those contained in this Section 8.12.

Section 8.13 WAIVER OF JURY TRIAL. THE BORROWERS, THE AGENT, THE CO-SYNDICATION AGENTS, THE DOCUMENTATION AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY NOTE OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.14 Miscellaneous. This Agreement shall become effective in accordance with the first sentence of Section 8.06(a).

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

BORROWERS:

THE WILLIAMS COMPANIES, INC.

By:

Name: James G. Ivey
Title: Treasurer

TEXAS GAS TRANSMISSION CORPORATION

By:

Name: Jeffrey P. Heinrichs
Title: Treasurer

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

By:

Name: Jeffrey P. Heinrichs
Title: Treasurer

NORTHWEST PIPELINE CORPORATION

By:

Name: Jeffrey P. Heinrichs
Title: Treasurer

AGENT:

CITIBANK, N.A., as Agent

By:

Authorized Officer

CO-SYNDICATION AGENTS:

THE CHASE MANHATTAN BANK,
as Co-Syndication Agent

By:

Authorized Officer

COMMERZBANK AG, as Co-Syndication Agent

By:

Authorized Officer

By:

Authorized Officer

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH

By:

Authorized Officer

BANKS:

CITIBANK, N.A.

By:

Authorized Officer

S-3

THE BANK OF NOVA SCOTIA

By: -----
Authorized Officer

S-4

Multi-Year Credit Agreement

BANK OF AMERICA, N.A.

By:

Authorized Officer

S-5

Multi-Year Credit Agreement

BANK ONE, NA (CHICAGO)

By: -----
Authorized Officer

S-6

THE CHASE MANHATTAN BANK

By: -----
Authorized Officer

S-7

Multi-Year Credit Agreement

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN
BRANCHES

By: -----
Authorized Officer

By: -----
Authorized Officer

S-8

CREDIT LYONNAIS NEW YORK BRANCH

By: -----
Authorized Officer

S-9

Multi-Year Credit Agreement

THE FUJI BANK, LIMITED

By: -----
Authorized Officer

S-10

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: _____
Name: _____
Title: _____

NATIONAL WESTMINSTER BANK PLC
NASSAU BRANCH

By: _____
Name: _____
Title: _____

Multi-Year Credit Agreement

ABN AMRO BANK, N.V.

By: -----
Authorized Officer

By: -----
Authorized Officer

S-12

BANK OF MONTREAL

By:

Authorized Officer

S-13

Multi-Year Credit Agreement

THE BANK OF NEW YORK

By:

Authorized Officer

S-14

Multi-Year Credit Agreement

BARCLAYS BANK PLC

By:

Authorized Officer

S-15

CIBC INC.

By:

Authorized Officer

S-16

CREDIT SUISSE FIRST BOSTON

By: -----
Authorized Officer

By: -----
Authorized Officer

S-17

ROYAL BANK OF CANADA

By:

Authorized Officer

S-18

Multi-Year Credit Agreement

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By: -----
Authorized Officer

S-19

FLEET NATIONAL BANK,
f/k/a BankBoston, N.A.

By: -----
Authorized Officer

S-20

SOCIETE GENERALE, SOUTHWEST AGENCY

By:

Authorized Officer

S-21

Multi-Year Credit Agreement

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY

By:

Authorized Officer

S-22

Multi-Year Credit Agreement

TORONTO DOMINION (TEXAS), INC.

By:

Authorized Officer

S-23

Multi-Year Credit Agreement

UBS AG, STAMFORD BRANCH

By: -----
Authorized Officer

By: -----
Authorized Officer

S-24

WELLS FARGO BANK TEXAS, N.A.

By:

J. Alan Alexander, Jr.
Vice President

S-25

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: -----
Authorized Officer

By: -----
Authorized Officer

S-26

CREDIT AGRICOLE INDOSUEZ

By: -----
Authorized Officer

By: -----
Authorized Officer

S-27

SUNTRUST BANK

By: -----
Authorized Officer

By: -----
Authorized Officer

S-28

THE DAI-ICHI KANGYO BANK, LTD.

By:

Authorized Officer

S-29

Multi-Year Credit Agreement

ARAB BANKING CORPORATION (B.S.C.)

By:

WAHID O. BUGAIGHIS
First Vice President

S-30

BANK OF CHINA, NEW YORK BRANCH

By: -----
Authorized Officer

By: -----
Authorized Officer

S-31

BANK OF OKLAHOMA, N.A.

By:

Authorized Officer

S-32

Multi-Year Credit Agreement

BNP PARIBAS, HOUSTON AGENCY

By: -----
Authorized Officer

By: -----
Authorized Officer

S-33

DG BANK DEUTSCHE
GENNOSENSCHAFTSBANK AG

By: -----
Authorized Officer

By: -----
Authorized Officer

S-34

KBC BANK N.V.
NEW YORK BRANCH

By: _____
Authorized Officer

S-35

THE SUMITOMO BANK, LIMITED

By:

Authorized Officer

S-36

COMMERCE BANK, N.A.

By:

Authorized Officer

S-37

Multi-Year Credit Agreement

RZB FINANCE LLC

By:

Authorized Officer

S-38

SCHEDULE I
APPLICABLE LENDING OFFICES

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Citibank N.A.	Citibank N.A. 399 Park Avenue New York, New York 10043 Notices: Citibank, N.A. 399 Park Avenue New York, New York 10043 Telecopier: (212) 527-1084 Telex: None Attn: Christine Grundel Dept: Medium Term Finance with copies to: Citicorp North America, Inc. 1200 Smith Street, Suite 2000 Houston, Texas 77002 Telecopier: (713) 654-2849 Telex: 127001 (Attn. Route Code HOUAA) Attn: The Williams Companies, Inc. Account Officer	Citibank N.A. 399 Park Avenue New York, New York 10043 Notices: Citibank, N.A. 399 Park Avenue New York, New York 10043 Telecopier: (212) 527-1084 Telex: None Attn: Christine Grundel Dept: Medium Term Finance with copies to: Citicorp North America, Inc. 1200 Smith Street, Suite 2000 Houston, Texas 77002 Telecopier: (713) 654-2849 Telex: 127001 (Attn. Route Code HOUAA) Attn: The Williams Companies, Inc. Account Officer
The Bank of Nova Scotia	The Bank of Nova Scotia 600 Peachtree Street, N.E., Suite 2700 Atlanta, Georgia 30308 Telecopier: (404) 888-8998 Telex: 00542319 Attn: Robert L. Ahern with copy to: 1100 Louisiana, Suite 3000 Houston, Texas 77002 Telecopier: (713) 752-2425 Telephone: (713) 759-3440 Attn:	The Bank of Nova Scotia 600 Peachtree Street, N.E., Suite 2700 Atlanta, Georgia 30308 Telecopier: (404) 888-8998 Telex: 00542319 Attn: Robert L. Ahern with copy to: 1100 Louisiana, Suite 3000 Houston, Texas 77002 Telecopier: (713) 752-2425 Telephone: (713) 759-3440 Attn:
Bank of America, N.A.	Bank of America, N.A. 901 Main Street, 14th Floor Dallas, Texas 75202 Telecopier: (214) 209-9415 Telephone: (214) 209-1225 Attn: Brandi Baker	Bank of America, N.A. 901 Main Street, 14th Floor Dallas, Texas 75202 Telecopier: (214) 209-9415 Telephone: (214) 209-1225 Attn: Brandi Baker

Schedule I - 1

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
	with copy to: Bank of America 333 Clay Street, Suite 4550 Houston, Texas 77002 Telecopier: (713) 651-4807 Telephone: (713) 651-4855 Attn: Claire Liu	with copy to: Bank of America 333 Clay Street, Suite 4550 Houston, Texas 77002 Telecopier: (713) 651-4807 Telephone: (713) 651-4855 Attn: Claire Liu
Bank One, NA (Chicago)	Bank One, NA 1 Bank One Plaza 0634, 1FNP, 10 Chicago, Illinois 60670 Telephone: (312) 732-5219 Telecopier: (312) 732-4840 Attn:	Bank One, NA 1 Bank One Plaza IL 1 0634 Chicago, Illinois 60670 Telephone: Telecopier: Attn:
The Chase Manhattan Bank	The Chase Manhattan Bank 270 Park Avenue, 21st Floor New York, New York 10017 Telecopier: (212) 270-3897 Telephone: (212) 270-4676 Attn: Peter Ling	The Chase Manhattan Bank 270 Park Avenue, 21st Floor New York, New York 10017 Telecopier: (212) 270-3897 Telephone: (212) 270-4676 Attn: Peter Ling
Commerzbank AG, New York and Grand Cayman Branches	Commerzbank AG, Atlanta Agency 1230 Peachtree St., NE Suite 3500 Atlanta, Georgia 30309 Telecopier: (404) 888-6539 Telephone: (404) 888-6518 Attn: Brian Campbell, Vice President email: bcampbell@cbkna.com	Commerzbank AG, Atlanta Agency 1230 Peachtree St., NE Suite 3500 Atlanta, Georgia 30309 Telecopier: (404) 888-6539 Telephone: (404) 888-6518 Attn: Brian Campbell, Vice President email: bcampbell@cbkna.com
Credit Lyonnais New York Branch	Credit Lyonnais New York Branch 1301 Avenue of the Americas New York, New York 10019 Telecopier: (713) 759-9766 Telephone: (713) 753-8723 Attn: Bernadette Archie	Credit Lyonnais New York Branch 1301 Avenue of the Americas New York, New York 10019 Telecopier: (713) 759-9766 Telephone: (713) 753-8723 Attn: Bernadette Archie
The Fuji Bank, Limited	The Fuji Bank, Limited 2 World Trade Center, 79th Floor New York, New York 10048 Telecopier: (212) 488-8216 Telephone: (212) 898-2099 Attn: Tina Catapano	The Fuji Bank, Limited 2 World Trade Center, 79th Floor New York, New York 10048 Telecopier: (212) 488-8216 Telephone: (212) 898-2099 Attn: Tina Catapano

Schedule I - 2

Multi-Year Credit Agreement

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
-----	-----	-----
National Westminster Bank	National Westminster Bank PLC New York Branch 65 East 55th Street, 24th Floor New York, New York 10022 Telecopier: (212) 401-1406 Telephone: (212) 401-1494 Attn: Sheila Shaw	National Westminster Bank PLC Nassau Branch 65 East 55th Street, 24th Floor New York, New York 10022 Telecopier: (212) 401-1406 Telephone: (212) 401-1494 Attn: Sheila Shaw
	with copies to: Greenwich NatWest 600 Travis Street., Suite 6070 Houston, Texas 77002 Telecopier: (713) 221-2430 Telephone: (713) 221-2429 Attn: Kristi DeMaiolo	with copies to: Greenwich NatWest 600 Travis Street, Suite 6070 Houston, Texas 77002 Telecopier: (713) 221-2430 Telephone: (713) 221-2429 Attn: Kristi DeMaiolo
ABN AMRO Bank, N.V.	ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5157 Telephone: (312) 992-5152 Attn: Loan Administration	ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5157 Telephone: (312) 992-5152 Attn: Loan Administration
	with copies to: ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5111 Telephone: (312) 992-5110 Attn: Connie Podgorny	with copies to: ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5111 Telephone: (312) 992-5110 Attn: Connie Podgorny
Bank of Montreal	Bank of Montreal 115 S. LaSalle Street, 11th Floor Chicago, Illinois 60603 Telecopier: (312) 750-6061 Telephone: (312) 750-3771 Attn: Keiko Kuze	Bank of Montreal 115 S. LaSalle Street, 11th Floor Chicago, Illinois 60603 Telecopier: (312) 750-6061 Telephone: (312) 750-3771 Attn: Keiko Kuze
The Bank of New York	The Bank of New York One Wall St., 19th Floor New York, New York 10286 Telecopier: (212) 635-7923 Telephone: (212) 635-7834 Attn: Raymond Palmer	The Bank of New York One Wall St., 19th Floor New York, New York 10286 Telecopier: (212) 635-7923 Telephone: (212) 635-7834 Attn: Raymond Palmer

Schedule I - 3

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Barclays Bank PLC	Barclays Bank PLC " New York Branch 222 Broadway, 11th Floor New York, New York 10038 Telecopier: (212) 412-5308 Telephone: (212) 412-3702 Attn: David Barton	Barclays Bank PLC " New York Branch 222 Broadway, 11th Floor New York, New York 10038 Telecopier: (212) 412-5308 Telephone: (212) 412-3702 Attn: David Barton
CIBC Inc.	CIBC Inc. Two Paces West 2727 Paces Ferry Road, Suite 1200 Atlanta, Georgia 30339 Telecopier: (770) 319-4950 Telephone: (770) 319-4828 Attn: Anita Rounds with a copy to: 1600 Smith, Suite 3000 Houston, Texas 77002 Telecopier: (713) 650-3727 Telephone: (713) 650-2588 Attn: Mark H. Wolf	CIBC Inc. Two Paces West 2727 Paces Ferry Road, Suite 1200 Atlanta, Georgia 30339 Telecopier: (770) 319-4950 Telephone: (770) 319-4828 Attn: Anita Rounds with a copy to: 1600 Smith, Suite 3000 Houston, Texas 77002 Telecopier: (713) 650-3727 Telephone: (713) 650-2588 Attn: Mark H. Wolf
Credit Suisse First Boston	Credit Suisse First Boston 11 Madison Avenue New York, New York 10010 Telecopier: (212) 335-0593 Telephone: (212) 322-1384 Attn: Jenaro Sarasola	Credit Suisse First Boston 11 Madison Avenue New York, New York 10010 Telecopier: (212) 335-0593 Telephone: (212) 322-1384 Attn: Jenaro Sarasola
Royal Bank of Canada	Royal Bank of Canada, New York One Liberty Plaza, 4th Floor New York, New York 10006 Telecopier: (416) 955-6720 Telephone: (416) 955-6569 Attn: Linda Joannou, Loan Processing	Royal Bank of Canada, New York One Liberty Plaza, 4th Floor New York, New York 10006 Telecopier: (416) 955-6720 Telephone: (416) 955-6569 Attn: Linda Joannou, Loan Processing
The Bank of Tokyo- Mitsubishi, Ltd., Houston Agency	The Bank of Tokyo - Mitsubishi, Ltd., Houston Agency 1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216 Telecopier: (713) 655-3855 Telephone: (713) 655-3845 Attn: J.M. McIntyre	The Bank of Tokyo - Mitsubishi, Ltd., Houston Agency 1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216 Telecopier: (713) 655-3855 Telephone: (713) 655-3845 Attn: J.M. McIntyre

Schedule I - 4

Multi-Year Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Fleet National Bank, f/k/a BankBoston, N.A.	Fleet National Bank 100 Federal Street, MA DE 10008B Boston, MA 02110 Telecopier: (617) 434-9820 Telephone: (617) 434-9627 Attn: John Cannon, Loan Administrator	Fleet National Bank 100 Federal Street, MA DE 10008B Boston, MA 02110 Telecopier: (617) 434-9820 Telephone: (617) 434-9627 Attn: John Cannon, Loan Administrator
Societe Generale, Southwest Agency	Societe Generale, Southwest Agency 2001 Ross Avenue, Suite 4800 Dallas, Texas 75201 Telecopier: (214) 754-0171 Telephone: (214) 979-2749 Attn: Stacie Row	Societe Generale, Southwest Agency 2001 Ross Avenue, Suite 4800 Dallas, Texas 75201 Telecopier: (214) 754-0171 Telephone: (214) 979-2749 Attn: Stacie Row
Industrial Bank of Japan Trust Company	Industrial Bank of Japan Trust Company 1251 Avenue of the Americas New York, New York 10020 Telecopier: (212) 282-4480 Telephone: (212) 282-4065 Attn: Andrew Encarnacion	Industrial Bank of Japan Trust Company 1251 Avenue of the Americas New York, New York 10020 Telecopier: (212) 282-4480 Telephone: (212) 282-4065 Attn: Andrew Encarnacion
Toronto Dominion (Texas), Inc.	Toronto Dominion (Texas), Inc. 909 Fannin Street, 17th Floor Houston, Texas 77010 Swift Address: TDOMU S4H Telecopier: (713) 951-9921 Attn: Azar Azarpour	Toronto Dominion (Texas), Inc. 909 Fannin Street, 17th Floor Houston, Texas 77010 Swift Address: TDOMU S4H Telecopier: (713) 951-9921 Attn: Azar Azarpour
UBS	UBS AG, Stamford Branch 677 Washington Boulevard Stamford, Connecticut 06901 Telecopier: (203) 719-4176 Telephone: (203) 719-4181 Attn: Barry Kohler	UBS AG, Stamford Branch 677 Washington Boulevard Stamford, Connecticut 06901 Telecopier: (203) 719-4176 Telephone: (203) 719-4181 Attn: Barry Kohler
Wells Fargo Bank Texas, N.A.	Wells Fargo Bank, N.A. 1740 Broadway Denver, CO 80274 Telecopier: (303) 863-2729 Telephone: (303) 863-6102 Attn: Tanya Ivie	Wells Fargo Bank, N.A. 1740 Broadway Denver, CO 80274 Telecopier: (303) 863-2729 Telephone: (303) 863-6102 Attn: Tanya Ivie
SunTrust Bank	SunTrust Bank 303 Peachtree Street, 3rd Floor MK 1929 Atlanta, Georgia 30308 Telecopier: (404) 827-6270 Telephone: (404) 827-6735 Attn: David Edge	SunTrust Bank 303 Peachtree Street, 3rd Floor MK 1929 Atlanta, Georgia 30308 Telecopier: (404) 827-6270 Telephone: (404) 827-6735 Attn: David Edge

Schedule I - 5

Multi-Year Credit Agreement

Westdeutsche Landesbank Girozentrale, New York Branch	Westdeutsche Landesbank Girozentrale, New York Branch 1211 Avenue of the Americas New York, New York 10036 Telecopier: (212) 852-6307 Telephone: (212) 852-6096 Attn:	Westdeutsche Landesbank Girozentrale, New York Branch 1211 Avenue of the Americas New York, New York 10036 Telecopier: (212) 852-6307 Telephone: (212) 852-6096 Attn:
Credit Agricole Indosuez	Credit Agricole Indosuez Texas Commerce Tower 600 Travis, Suite 2340 Houston, Texas 77002 Telecopier: (713) 223-7029 Telephone: (713) 223-7001 Attn: Brian Knezeak	Credit Agricole Indosuez Texas Commerce Tower 600 Travis, Suite 2340 Houston, Texas 77002 Telecopier: (713) 223-7029 Telephone: (713) 223-7001 Attn: Brian Knezeak
The Dai-Ichi Kangyo Bank, Ltd.	The Dai-Ichi Kangyo Bank, Ltd. One World Trade Center, 48th Floor New York, New York 10048 Telecopier: (212) 912-1879 Telephone: (212) 432-6627 Attn: Katsuya Noto	The Dai-Ichi Kangyo Bank, Ltd. One World Trade Center, 48th Floor New York, New York 10048 Telecopier: (212) 912-1879 Telephone: (212) 432-6627 Attn: Katsuya Noto
Arab Banking Corporation (B.S.C.)	Arab Banking Corp. 277 Park Avenue, 32nd Floor New York, New York 10172 Telecopier: (212) 583-0932 Telephone: (212) 583-4770 Attn: R.S. Hassan	Arab Banking Corp. (Grand Cayman) 277 Park Avenue, 32nd Floor New York, New York 10172 Telecopier: (212) 583-0932 Telephone: (212) 583-4770 Attn: R.S. Hassan
Bank of China, New York Branch	Bank of China, New York Branch 410 Madison Avenue New York, New York 10017 Telecopier: (212) 308-4993 or (212) 688-0919 Telephone: (212) 935-3101 x 256 Telex: ITT 423635 Attn: Shelly Lang	Bank of China, New York Branch 410 Madison Avenue New York, New York 10017 Telecopier: (212) 308-4993 or (212) 688-0919 Telephone: (212) 935-3101 x 256 Telex: ITT 423635 Attn: Shelly Lang
Bank of Oklahoma, N.A.	Bank of Oklahoma, N.A. One Williams Center, 8th Floor Tulsa, Oklahoma 74192 Telecopier: (918) 588-6880 Telephone: (918) 588-6217 Attn: Robert Mattax	Bank of Oklahoma, N.A. One Williams Center, 8th Floor Tulsa, Oklahoma 74192 Telecopier: (918) 588-6880 Telephone: (918) 588-6217 Attn: Robert Mattax

Schedule I - 6

Multi-Year Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
BNP Paribas, Houston Agency	BNP Paribas, Houston Agency 333 Clay Street, Suite 3400 Houston, Texas 77002 Telecopier: (713) 659-1414 Telephone: (713) 951-1240 Attn: Donna Rose	BNP Paribas, Houston Agency 333 Clay Street, Suite 3400 Houston, Texas 77002 Telecopier: (713) 659-1414 Telephone: (713) 951-1240 Attn: Donna Rose
DG Bank	DG Bank 609 Fifth Avenue New York, New York 10017 Telecopier: (212) 745-1556 Telephone: (212) 745-1560 Attn: Mark K. Connelly	DG Bank 609 Fifth Avenue New York, New York 10017 Telecopier: (212) 745-1556 Telephone: (212) 745-1560 Attn: Mark K. Connelly
KBC Bank N.V., New York Branch	KBC Bank N.V., New York Branch 125 West 55th Street New York, New York 10019 Telecopier: (212) 956-5581 Telephone: (212) 541-0653 Attn: Charlene Cumberbatch/ Loan Administration	KBC Bank N.V., New York Branch 125 West 55th Street New York, New York 10019 Telecopier: (212) 956-5581 Telephone: (212) 541-0653 Attn: Charlene Cumberbatch/ Loan Administration
The Sumitomo Bank, Limited	The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telex: SUMBK 420515/SUMBK Telecopier: (212) 224-5197 with copies to: The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telecopier: (212) 224-4384 Telephone: (212) 224-4194 Attn: Mr. Bruce Meredith	The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telex: SUMBK 420515/SUMBK Telecopier: (212) 224-5197 with copies to: The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telecopier: (212) 224-4384 Telephone: (212) 224-4194 Attn: Mr. Bruce Meredith
Commerce Bank, N.A.	Commerce Bank, N.A. 1000 Walnut Street, 17th Floor Kansas City, Missouri 64106 Telecopier: (816) 234-7290 Telephone: (816) 234-2477 Attn: Dennis R. Block	Commerce Bank, N.A. 1000 Walnut Street, 17th Floor Kansas City, Missouri 64106 Telecopier: (816) 234-7290 Telephone: (816) 234-2477 Attn: Dennis R. Block
RZB Finance LLC	RZB Finance LLC 1133 Avenue of the Americas, 16th Floor New York, New York 10036 Telecopier: (212) 944-2143 Telephone: (212) 845-4593 Attn: Elisabeth Hirst	RZB Finance LLC 1133 Avenue of the Americas, 16th Floor New York, New York 10036 Telecopier: (212) 944-2143 Telephone: (212) 845-4593 Attn: Elisabeth Hirst

Schedule I - 7

SCHEDULE II
BORROWER INFORMATION

Name of Borrower -----	Information for Notices -----
The Williams Companies, Inc.	The Williams Companies, Inc. One Williams Center, Suite 5000 Tulsa, Oklahoma 74172 Attention: Patti J. Kastl Telecopier: (918) 573-2065 Telephone: (918) 573-2172
Northwest Pipeline Corporation	Northwest Pipeline Corporation 295 Chipeta Way Salt Lake City, Utah 84158-0900 Attention: Ronald E. Houston Telecopier: (801) 584-7255
Transcontinental Gas Pipe Line Corporation	Transcontinental Gas Pipe Line Corporation P. O. Box 1396, MD 1060, Level 17 Houston, Texas 77251 Attention: Jeffrey P. Heinrichs Telecopier: (713) 215-3309
Texas Gas Transmission Corporation	Texas Gas Transmission Corporation 3800 Frederica St. Owensboro, Kentucky 42302 Attention: Susanne W. Harris Telecopier: (270) 688-6392

Schedule II - 1

Multi-Year Credit Agreement

SCHEDULE III

PERMITTED NWP LIENS

- a) Any purchase money Lien created by NWP or any of its Subsidiaries to secure all or part of the purchase price of any property (or to secure a loan made to enable NWP or any of its Subsidiaries to acquire the property secured by such Lien) provided that the principal amount of the Debt secured by any such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired.
- b) Any Lien existing on any property at the time of the acquisition thereof by NWP or any of its Subsidiaries, whether or not assumed by NWP or any of its Subsidiaries, and any Lien on any property acquired or constructed by NWP or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that if assumed or created by NWP or any of its Subsidiaries, the principal amount of the Debt secured by such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- c) Any Lien created or assumed by NWP or any of its Subsidiaries on any contract for the sale of any product or service or any rights thereunder or any proceeds therefrom, including accounts and other receivables, related to the operation or use of any property acquired or constructed by NWP or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that the principal amount of the Debt secured by such mortgage together with all other Debt secured by any such contract, rights or property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- d) Any Lien existing on any property of a Subsidiary of NWP at the time it becomes a Subsidiary of NWP.
- e) Any refunding or extension of maturity, in whole or in part, of any Lien created or assumed in accordance with the provisions of paragraph (a), (b), (c) or (d) above or (j) below; provided that the principal amount of the Debt secured by such refunding Lien or extended Lien shall not exceed the principal amount of the Debt secured by the Lien to be refunded or extended outstanding at the time of such refunding or extension and that such refunding Lien or extended Lien shall be limited to the same property that secured the Lien so refunded or extended.
- f) Mechanics' or materialmen's or other similar liens arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in

Schedule III - 1

connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), in each case to secure obligations of TWC or any of its Subsidiaries.

- g) Deposits to secure public or statutory obligations, deposits to secure or in lieu of surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of TWC or any of its Subsidiaries; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (g) shall not exceed 10% of Consolidated Tangible Net Worth of TWC.
- h) Any Lien arising by reason of deposits with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction by TWC or any of its Subsidiaries of any business or the exercise by TWC or any of its Subsidiaries of any privilege or license, (ii) to enable TWC or any of its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or (iii) in connection with workmen's compensation, unemployment insurance, old age pensions or other social security with respect to TWC or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.
- i) Any Lien which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by NWP or any of its Subsidiaries, including any interest of the character commonly referred to as a "production payment".
- j) Any Lien created or assumed by a Subsidiary of NWP on oil, gas, coal or other mineral or timber property, owned or leased by such Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither NWP nor any other Subsidiary of NWP shall assume or guarantee such loans or otherwise be liable in respect thereto.
- k) Liens incurred in the ordinary course of business upon rights- of-way.
- l) Undetermined mortgages and charges incidental to construction or maintenance arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings.
- m) The right reserved to, or vested in, any municipality or governmental or other public authority or railroad by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit.
- n) The Lien of taxes and assessments which are not at the time delinquent.

Schedule III - 2

Multi-Year Credit Agreement

- o) The Lien of specified taxes and assessments which are delinquent but the validity of which is being contested in good faith by NWP or any of its Subsidiaries by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of NWP or the relevant Subsidiary of NWP, as the case may be.
- p) The Lien reserved in leases entered into in the ordinary course of business for rent and for compliance with the terms of the lease in the case of real property leasehold estates.
- q) Defects and irregularities in the titles to any property (including rights-of-way and easements) which are not material to the business, assets, operations or financial condition of NWP and its Subsidiaries considered as a whole.
- r) Any Liens securing Debt neither assumed nor guaranteed by NWP or any of its Subsidiaries nor on which any of them customarily pays interest, existing upon real estate or rights in or relating to real estate (including rights-of-way and easements) acquired by NWP or any of its Subsidiaries for pipeline, metering station or right-of-way purposes, which Liens were not created in anticipation of such acquisition and do not materially impair the use of such property for the purposes for which it is held by NWP or such Subsidiary.
- s) Easements, exceptions or reservations in any property of NWP or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, telecommunication equipment and cable, streets, alleys, highways, railroads, the removal of oil, gas, coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by NWP or such Subsidiary.
- t) Rights reserved to or vested in any municipality or public authority to control or regulate any property of NWP or any of its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by NWP or such Subsidiary.
- u) Any obligations or duties, affecting the property of NWP or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.
- v) The Liens of any judgments in an aggregate amount for NWP and all of its Subsidiaries (i) not in excess of \$5,000,000, the execution of which has not been stayed and (ii) not in excess of \$25,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary and permitted hereby, by the filing of an appeal bond.
- w) Zoning laws and ordinances.

Schedule III - 3

Multi-Year Credit Agreement

- x) Any Lien existing on any office equipment, data processing equipment (including computer and computer peripheral equipment), motor vehicles, aircraft, marine vessels or similar transportation equipment.
- y) Any Lien consisting of interests in receivables in connection with agreements for sales of receivables of any kind by NWP or any of its Subsidiaries for cash.
- z) Any Lien not permitted by paragraphs (a) through (y) above securing Debt of NWP and its Subsidiaries or securing any Debt of NWP and its Subsidiaries which constitutes a refunding or extension of any such Debt if at the time of, and after giving effect to, the creation or assumption of any such Lien, the sum of the aggregate of all Debt of NWP and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (y) above plus the amount of Attributable Obligations of NWP and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.02(j) does not exceed 10% of the sum of (i) Consolidated Tangible Net Worth of NWP plus (ii) Debt of NWP and its Subsidiaries on a Consolidated basis. For purposes hereof, "Attributable Obligation" of any person means, with respect to any Sale and Lease- Back Transaction of such Person as of any particular time, the present value at such time discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of such Person, be extended).

Schedule III - 4

Multi-Year Credit Agreement

SCHEDULE IV

PERMITTED TGPL LIENS

- a) Any purchase money Lien created by TGPL or any of its Subsidiaries to secure all or part of the purchase price of any property (or to secure a loan made to enable TGPL or any of its Subsidiaries to acquire the property secured by such Lien); provided that the principal amount of the Debt secured by any such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired.
- b) Any Lien existing on any property at the time of the acquisition thereof by TGPL or any of its Subsidiaries, whether or not assumed by TGPL or any of its Subsidiaries, and any Lien on any property acquired or constructed by TGPL or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that if assumed or created by TGPL or any of its Subsidiaries, the principal amount of the Debt secured by such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- c) Any Lien created or assumed by TGPL or any of its Subsidiaries on any contract for the sale of any product or service or any rights thereunder or any proceeds therefrom, including accounts and other receivables, related to the operation or use of any property acquired or constructed by TGPL or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that the principal amount of the Debt secured by such mortgage together with all other Debt secured by any such contract, rights or property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- d) Any Lien existing on any property of a Subsidiary of TGPL at the time it becomes a Subsidiary of TGPL.
- e) Any refunding or extension of maturity, in whole or in part, of any Lien created or assumed in accordance with the provisions of paragraph (a), (b), (c) or (d) above or (j) below; provided that the principal amount of the Debt secured by such refunding Lien or extended Lien shall not exceed the principal amount of the Debt secured by the Lien to be refunded or extended outstanding at the time of such refunding or extension and that such refunding Lien or extended Lien shall be limited to the same property that secured the Lien so refunded or extended.
- f) Mechanics' or materialmen's or other similar liens arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in

connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), in each case to secure obligations of TWC or any of its Subsidiaries.

- g) Deposits to secure public or statutory obligations, deposits to secure or in lieu of surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of TWC or any of its Subsidiaries; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (g) shall not exceed 5% of Consolidated Tangible Net Worth of TWC.
- h) Any Lien arising by reason of deposits with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction by TWC or any of its Subsidiaries of any business or the exercise by TWC or any of its Subsidiaries of any privilege or license, (ii) to enable TWC or any of its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or (iii) in connection with workmen's compensation, unemployment insurance, old age pensions or other social security with respect to TWC or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.
- i) Any Lien which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by TGPL or any of its Subsidiaries, including any interest of the character commonly referred to as a "production payment".
- j) Any Lien created or assumed by a Subsidiary of TGPL on oil, gas, coal or other mineral or timber property, owned or leased by such Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither TGPL nor any other Subsidiary of TGPL shall assume or guarantee such loans or otherwise be liable in respect thereto.
- k) Liens incurred in the ordinary course of business upon rights-of-way.
- l) Undetermined mortgages and charges incidental to construction or maintenance arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings.
- m) The right reserved to, or vested in, any municipality or governmental or other public authority or railroad by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit.
- n) The Lien of taxes and assessments which are not at the time delinquent.

Schedule IV - 2

Multi-Year Credit Agreement

- o) The Lien of specified taxes and assessments which are delinquent but the validity of which is being contested in good faith by TGPL or any of its Subsidiaries by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of TGPL or the relevant Subsidiary of TGPL, as the case may be.
- p) The Lien reserved in leases entered into in the ordinary course of business for rent and for compliance with the terms of the lease in the case of real property leasehold estates.
- q) Defects and irregularities in the titles to any property (including rights-of-way and easements) which are not material to the business, assets, operations or financial condition of TGPL and its Subsidiaries considered as a whole.
- r) Any Liens securing Debt neither assumed nor guaranteed by TGPL or any of its Subsidiaries nor on which any of them customarily pays interest, existing upon real estate or rights in or relating to real estate (including rights-of-way and easements) acquired by TGPL or any of its Subsidiaries for pipeline, metering station or right-of-way purposes, which Liens were not created in anticipation of such acquisition and do not materially impair the use of such property for the purposes for which it is held by TGPL or such Subsidiary.
- s) Easements, exceptions or reservations in any property of TGPL or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, telecommunication equipment and cable, streets, alleys, highways, railroads, the removal of oil, gas, coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by TGPL or such Subsidiary.
- t) Rights reserved to or vested in any municipality or public authority to control or regulate any property of TGPL or any of its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by TGPL or such Subsidiary.
- u) Any obligations or duties, affecting the property of TGPL or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.
- v) The Liens of any judgments in an aggregate amount for TGPL and all of its Subsidiaries (i) not in excess of \$5,000,000, the execution of which has not been stayed and (ii) not in excess of \$25,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary and permitted hereby, by the filing of an appeal bond.
- w) Zoning laws and ordinances.

Schedule IV - 3

- x) Any Lien existing on any office equipment, data processing equipment (including computer and computer peripheral equipment), motor vehicles, aircraft, marine vessels or similar transportation equipment.
- y) Any Lien consisting of interests in receivables in connection with agreements for sales of receivables of any kind by TGPL or any of its Subsidiaries for cash.
- z) Any Lien not permitted by paragraphs (a) through (y) above securing Debt of TGPL and its Subsidiaries or securing any Debt of TGPL and its Subsidiaries which constitutes a refunding or extension of any such Debt if at the time of, and after giving effect to, the creation or assumption of any such Lien, the sum of the aggregate of all Debt of TGPL and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (y) above plus the amount of Attributable Obligations of TGPL and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.02(j) does not exceed 5% of the sum of (i) Consolidated Tangible Net Worth of TGPL plus (ii) Debt of TGPL and its Subsidiaries on a Consolidated basis. For purposes hereof, "Attributable Obligation" of any Person means, with respect to any Sale and Lease- Back Transaction of such Person as of any particular time, the present value at such time discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of such Person, be extended).

Schedule IV - 4

Multi-Year Credit Agreement

SCHEDULE V

PERMITTED TGT LIENS

- a) Any purchase money Lien created by TGT or any of its Subsidiaries to secure all or part of the purchase price of any property (or to secure a loan made to enable TGT or any of its Subsidiaries to acquire the property secured by such Lien); provided that the principal amount of the Debt secured by any such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired.
- b) Any Lien existing on any property at the time of the acquisition thereof by TGT or any of its Subsidiaries, whether or not assumed by TGT or any of its Subsidiaries, and any Lien on any property acquired or constructed by TGT or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that if assumed or created by TGT or any of its Subsidiaries, the principal amount of the Debt secured by such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- c) Any Lien created or assumed by TGT or any of its Subsidiaries on any contract for the sale of any product or service or any rights thereunder or any proceeds therefrom, including accounts and other receivables, related to the operation or use of any property acquired or constructed by TGT or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that the principal amount of the Debt secured by such mortgage together with all other Debt secured by any such contract, rights or property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- d) Any Lien existing on any property of a Subsidiary of TGT at the time it becomes a Subsidiary of TGT.
- e) Any refunding or extension of maturity, in whole or in part, of any Lien created or assumed in accordance with the provisions of paragraph (a), (b), (c) or (d) above or (j) below; provided that the principal amount of the Debt secured by such refunding Lien or extended Lien shall not exceed the principal amount of the Debt secured by the Lien to be refunded or extended outstanding at the time of such refunding or extension and that such refunding Lien or extended Lien shall be limited to the same property that secured the Lien so refunded or extended.
- f) Mechanics' or materialmen's or other similar liens arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in

connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), in each case to secure obligations of TWC or any of its Subsidiaries.

- g) Deposits to secure public or statutory obligations, deposits to secure or in lieu of surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of TWC or any of its Subsidiaries; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (g) shall not exceed 10% of Consolidated Tangible Net Worth of TWC.
- h) Any Lien arising by reason of deposits with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction by TWC or any of its Subsidiaries of any business or the exercise by TWC or any of its Subsidiaries of any privilege or license, (ii) to enable TWC or any of its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or (iii) in connection with workmen's compensation, unemployment insurance, old age pensions or other social security with respect to TWC or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.
- i) Any Lien which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by TGT or any of its Subsidiaries, including any interest of the character commonly referred to as a "production payment".
- j) Any Lien created or assumed by a Subsidiary of TGT on oil, gas, coal or other mineral or timber property, owned or leased by such Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither TGT nor any other Subsidiary of TGT shall assume or guarantee such loans or otherwise be liable in respect thereto.
- k) Liens incurred in the ordinary course of business upon rights-of-way.
- l) Undetermined mortgages and charges incidental to construction or maintenance arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings.
- m) The right reserved to, or vested in, any municipality or governmental or other public authority or railroad by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit.
- n) The Lien of taxes and assessments which are not at the time delinquent.

Schedule V - 2

Multi-Year Credit Agreement

- o) The Lien of specified taxes and assessments which are delinquent but the validity of which is being contested in good faith by TGT or any of its Subsidiaries by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of TGT or the relevant Subsidiary of TGT, as the case may be.
- p) The Lien reserved in leases entered into in the ordinary course of business for rent and for compliance with the terms of the lease in the case of real property leasehold estates.
- q) Defects and irregularities in the titles to any property (including rights-of-way and easements) which are not material to the business, assets, operations or financial condition of TGT and its Subsidiaries considered as a whole.
- r) Any Liens securing Debt neither assumed nor guaranteed by TGT or any of its Subsidiaries nor on which any of them customarily pays interest, existing upon real estate or rights in or relating to real estate (including rights-of-way and easements) acquired by TGT or any of its Subsidiaries for pipeline, metering station or right-of-way purposes, which Liens were not created in anticipation of such acquisition and do not materially impair the use of such property for the purposes for which it is held by TGT or such Subsidiary.
- s) Easements, exceptions or reservations in any property of TGT or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, telecommunication equipment and cable, streets, alleys, highways, railroads, the removal of oil, gas, coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by TGT or such Subsidiary.
- t) Rights reserved to or vested in any municipality or public authority to control or regulate any property of TGT or any of its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by TGT or such Subsidiary.
- u) Any obligations or duties, affecting the property of TGT or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.
- v) The Liens of any judgments in an aggregate amount for TGT and all of its Subsidiaries (i) not in excess of \$5,000,000, the execution of which has not been stayed and (ii) not in excess of \$25,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary and permitted hereby, by the filing of an appeal bond.
- w) Zoning laws and ordinances.
- x) Any Lien existing on any office equipment, data processing equipment (including computer and computer peripheral equipment), motor vehicles, aircraft, marine vessels or similar transportation equipment.

Schedule V - 3

- y) Any Lien consisting of interests in receivables in connection with agreements for sales of receivables of any kind by TGT or any of its Subsidiaries for cash.
- z) Any Lien not permitted by paragraphs (a) through (y) above securing Debt of TGT and its Subsidiaries or securing any Debt of TGT and its Subsidiaries which constitutes a refunding or extension of any such Debt if at the time of, and after giving effect to, the creation or assumption of any such Lien, the sum of the aggregate of all Debt of TGT and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (y) above plus the amount of Attributable Obligations of TGT and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.02(j) does not exceed 5% of the sum of (i) Consolidated Tangible Net Worth of TGT plus (ii) Debt of TGT and its Subsidiaries on a Consolidated basis. For purposes hereof, "Attributable Obligation" of any Person means, with respect to any Sale and Lease-Back Transaction of such Person as of any particular time, the present value at such time discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of such Person, be extended).

Schedule V - 4

Multi-Year Credit Agreement

SCHEDULE VI

PERMITTED TWC LIENS

- a) Any purchase money Lien created by TWC or any of its Subsidiaries to secure all or part of the purchase price of any property (or to secure a loan made to enable TWC or any of its Subsidiaries to acquire the property secured by such Lien); provided that the principal amount of the Debt secured by any such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired.
- b) Any Lien existing on any property at the time of the acquisition thereof by TWC or any of its Subsidiaries, whether or not assumed by TWC or any of its Subsidiaries, and any Lien on any property acquired or constructed by TWC or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that if assumed or created by TWC or any of its Subsidiaries, the principal amount of the Debt secured by such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- c) Any Lien created or assumed by TWC or any of its Subsidiaries on any contract for the sale of any product or service or any rights thereunder or any proceeds therefrom, including accounts and other receivables, related to the operation or use of any property acquired or constructed by TWC or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that the principal amount of the Debt secured by such mortgage together with all other Debt secured by any such contract, rights or property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- d) Any Lien existing on any property of a Subsidiary of TWC at the time it becomes a Subsidiary of TWC.
- e) Any refunding or extension of maturity, in whole or in part, of any Lien created or assumed in accordance with the provisions of paragraph (a), (b), (c) or (d) above or (j) below; provided that the principal amount of the Debt secured by such refunding Lien or extended Lien shall not exceed the principal amount of the Debt secured by the Lien to be refunded or extended outstanding at the time of such refunding or extension and that such refunding Lien or extended Lien shall be limited to the same property that secured the Lien so refunded or extended.
- f) Mechanics' or materialmen's or other similar liens arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in

connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), in each case to secure obligations of TWC or any of its Subsidiaries.

- g) Deposits to secure public or statutory obligations, deposits to secure or in lieu of surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of TWC or any of its Subsidiaries; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (g) shall not exceed 10% of Consolidated Tangible Net Worth of TWC.
- h) Any Lien arising by reason of deposits with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction by TWC or any of its Subsidiaries of any business or the exercise by TWC or any of its Subsidiaries of any privilege or license, (ii) to enable TWC or any of its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or (iii) in connection with workmen's compensation, unemployment insurance, old age pensions or other social security with respect to TWC or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.
- i) Any Lien which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by TWC or any of its Subsidiaries, including any interest of the character commonly referred to as a "production payment".
- j) Any Lien created or assumed by a Subsidiary of TWC on oil, gas, coal or other mineral or timber property, owned or leased by such Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither TWC nor any other Subsidiary of TWC shall assume or guarantee such loans or otherwise be liable in respect thereto.
- k) Liens incurred in the ordinary course of business upon rights-of-way.
- l) Undetermined mortgages and charges incidental to construction or maintenance arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings.
- m) The right reserved to, or vested in, any municipality or governmental or other public authority or railroad by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit.
- n) The Lien of taxes and assessments which are not at the time delinquent.

Schedule VI - 2

- o) The Lien of specified taxes and assessments which are delinquent but the validity of which is being contested in good faith by TWC or any of its Subsidiaries by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of TWC or the relevant Subsidiary of TWC, as the case may be.
- p) The Lien reserved in leases entered into in the ordinary course of business for rent and for compliance with the terms of the lease in the case of real property leasehold estates.
- q) Defects and irregularities in the titles to any property (including rights-of-way and easements) which are not material to the business, assets, operations or financial condition of TWC and its Subsidiaries considered as a whole.
- r) Any Liens securing Debt neither assumed nor guaranteed by TWC or any of its Subsidiaries nor on which any of them customarily pays interest, existing upon real estate or rights in or relating to real estate (including rights-of-way and easements) acquired by TWC or any of its Subsidiaries, which Liens were not created in anticipation of such acquisition and do not materially impair the use of such property for the purposes for which it is held by TWC or such Subsidiary.
- s) Easements, exceptions or reservations in any property of TWC or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, telecommunication equipment and cable, streets, alleys, highways, railroads, the removal of oil, gas, coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by TWC or such Subsidiary.
- t) Rights reserved to or vested in any municipality or public authority to control or regulate any property of TWC or any of its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by TWC or such Subsidiary.
- u) Any obligations or duties, affecting the property of TWC or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.
- v) The Liens of any judgments in an aggregate amount for TWC and all of its Subsidiaries (i) not in excess of \$5,000,000, the execution of which has not been stayed and (ii) not in excess of \$25,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary and permitted hereby, by the filing of an appeal bond.
- w) Zoning laws and ordinances.
- x) Any Lien existing on any office equipment, data processing equipment (including computer and computer peripheral equipment), motor vehicles, aircraft, marine vessels or similar transportation equipment.

Schedule VI - 3

- y) Any Lien consisting of interests in receivables in connection with agreements for sales of receivables of any kind by TWC or any of its Subsidiaries for cash.
- z) Any Lien not permitted by paragraphs (a) through (y) above or (aa) or (bb) below securing Debt of TWC and its Subsidiaries or securing any Debt of TWC and its Subsidiaries which constitutes a refunding or extension of any such Debt if at the time of, and after giving effect to, the creation or assumption of any such Lien, the sum of the aggregate of all Debt of TWC and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (y) above or (aa) below plus the amount of Attributable Obligations of TWC and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.02(j) does not exceed 5% of the sum of (i) Consolidated Tangible Net Worth of TWC plus (ii) Debt of TWC and its Subsidiaries on a Consolidated basis. For purposes hereof, "Attributable Obligation" of any Person means, with respect to any Sale and Lease-Back Transaction of such Person as of any particular time, the present value at such time discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of such Person, be extended).
- aa) Any overriding royalties or other rights of Pacific Northwest Pipeline Corporation, a Delaware corporation ("Pacific") and Phillips Petroleum Company ("Phillips") or their respective successors in interest under a contract dated January 9, 1953, as amended, between Phillips and Pacific, to which TWC is successor in interest; and the obligations of TWC to surrender, transfer, release or reassign the leases or interests or rights to which said instruments relate under the conditions and upon the occurrence of the events specified in said instruments.
- bb) Any Lien created by TWC or any of its Subsidiaries on any contract (or any rights thereunder or proceeds therefrom) providing for advances by TWC or any of its Subsidiaries to finance gas exploration and development, which Lien is created to secure only indebtedness incurred to finance such advances.

Schedule VI - 4

SCHEDULE X
COMMITMENTS

AS OF JULY 25, 2000

Banks -----	TWC Commitment -----	NWP Commitment -----	TGPL Commitment -----	TGT Commitment -----
The Bank of Nova Scotia	\$29,895,833.33	\$17,083,333.33	\$17,083,333.33	\$8,541,666.67
Bank of America, N.A.	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
Bank One, N.A.	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
The Chase Manhattan	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
Citibank, N.A.	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
Commerzbank AG	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
Credit Lyonnais	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
Fuji Bank, Limited	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
National Westminster Bank PLC	29,895,833.33	17,083,333.33	17,083,333.33	8,541,666.67
ABN Amro Bank N.V.	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
Bank of Montreal	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
The Bank of New York	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
Barclays Bank PLC	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
CIBC Inc.	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
Credit Suisse First Boston	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
Royal Bank of Canada	24,500,000.00	14,000,000.00	14,000,000.00	7,000,000.00
Bank of Tokyo - Mitsubishi, Ltd.	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
Fleet National Bank	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
Societe Generale	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
The Industrial Bank of Japan Trust Company	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
Toronto Dominion (Texas) Inc.	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
UBS AG, Stamford Branch	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
Wells Fargo Bank Texas, N.A.	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
Westdeutsche Landesbank	20,708,333.33	11,833,333.33	11,833,333.33	5,916,666.67
Credit Agricole Indosuez	11,520,833.33	6,583,333.33	6,583,333.33	3,291,666.67
Suntrust Bank	11,520,833.33	6,583,333.33	6,583,333.33	3,291,666.67
The Dai-Ichi Kangyo Bank, Ltd.	11,520,833.33	6,583,333.33	6,583,333.33	3,291,666.67
Arab Banking Corporation	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
Bank of China	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
Bank of Oklahoma	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
Banque Nationale De Paris	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
DG Bank	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
KBC Bank, N.V.	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
Sumitomo Bank, Limited	7,218,750.00	4,125,000.00	4,125,000.00	2,062,500.00
Commerce Bank, N.A.	4,338,541.67	2,479,166.67	2,479,166.67	1,239,583.33
RZB Finance LLC	4,338,541.67	2,479,166.67	2,479,166.67	1,239,583.33
TOTAL	\$700,000,000.00	\$400,000,000.00	\$400,000,000.00	\$200,000,000.00

Schedule X - 1

Multi-Year Credit Agreement

SCHEDULE XI
RATING CATEGORIES

RATING CATEGORY OF THE BORROWER	S&P OR MOODY'S RATINGS OF THE SENIOR UNSECURED LONG-TERM DEBT OF THE BORROWER	APPLICABLE MARGIN		APPLICABLE COMMITMENT FEE RATE
		< OR = TO 50% OF COMMITMENTS DRAWN	>50% OF COMMITMENTS DRAWN	
ONE	A or better by S&P or A2 or better by Moody's	.375%	.500%	.100%
TWO	A- by S&P or A3 by Moody's	.500%	.625%	.105%
THREE	BBB+ by S&P or Baa1 by Moody's	.625%	.750%	.115%
FOUR	BBB by S&P or Baa2 by Moody's	.750%	.875%	.125%
FIVE	BBB- by S&P and Baa3 by Moody's	1.00%	1.125%	.175%
SIX	BBB- by S&P or Baa3 by Moody's	1.25%	1.50%	.250%
SEVEN	Such Borrower is Unrated or none of the above applies to such Borrower	1.50%	2.00%	.375%

The Rating Category of a particular Borrower depends solely on the ratings (or lack thereof) of the senior unsecured long-term debt of such Borrower and not the ratings for any other Borrower. The Applicable Commitment Fee Rate is based solely on the ratings of the senior unsecured long-term debt of TWC.

Schedule XI - 1

Multi-Year Credit Agreement

EXHIBIT A-1

A PROMISSORY NOTE

U.S. \$ _____

July 25, 2000

FOR VALUE RECEIVED, the undersigned, _____, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Bank"), for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), on the Stated Termination Date (as defined in the Credit Agreement referred to below), the principal amount of \$ _____, or, if less, the aggregate principal amount of the A Advances (as defined in the Credit Agreement referred to below) owed to the Bank by the Borrower on such Stated Termination Date.

The Borrower promises to pay interest on the unpaid principal amount hereof until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement referred to below. Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, at 399 Park Avenue, New York, New York 10043, in same day funds.

This A Promissory Note is one of the A Notes referred to in, and is subject to and entitled to the benefits of the Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Bank, certain other borrowers party thereto, certain other financial institutions parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent for the Bank and such other financial institutions. The Credit Agreement, among other things, (i) provides for the making of advances to the Borrower from time to time pursuant to Section 2.01 of the Credit Agreement in an aggregate outstanding amount not to exceed at any time the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such advance owed to the Bank being evidenced by this A Promissory Note and (ii) contains provisions for the acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. Capitalized terms used herein which are not defined herein and are defined in the Credit Agreement are used herein as therein defined.

The Borrower hereby waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration and any other notice of any kind, except as provided in the Credit Agreement. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This A Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

Exhibit A-1 -- 1

Multi-Year Credit Agreement

[BORROWER NAME]

By: _____
Name: _____
Title: _____

Exhibit A-1 -- 2

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount Of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

Exhibit A-1 -- 3

Multi-Year Credit Agreement

EXHIBIT A-2

B PROMISSORY NOTE

U.S. \$ _____

Dated: _____, _____

FOR VALUE RECEIVED, the undersigned, _____, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Bank"), for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), on _____, the principal amount of _____ U.S. Dollars (\$_____).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: _____% per annum (calculated on the basis

of a year of _____ days for the actual number of days elapsed).

Interest Payment

Date or Dates: _____

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, for the account of the Bank at the office of Citibank, N.A., at 399 Park Avenue, New York, New York 10043, in same day funds.

This B Promissory Note is one of the B Notes referred to in, and is entitled to the benefits of the Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Bank, certain other borrowers party thereto, certain other financial institutions parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent for the Bank and such other financial institutions. The Credit Agreement contains, among other things, provisions for acceleration of the maturity hereof upon the happening of certain stated events. Capitalized terms used herein which are not defined herein and are defined in the Credit Agreement are used herein as therein defined.

The Borrower hereby waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration and any other notice of any kind, except as provided in the Credit Agreement. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

Exhibit A-2 -- 1

Multi-Year Credit Agreement

This B Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[BORROWER]

By: _____
Name: _____
Title: _____

Exhibit A-2 -- 2

Multi-Year Credit Agreement

EXHIBIT B-1

NOTICE OF A BORROWING

[Date]

Citibank, N.A., as Agent
for the Banks parties to the Credit
Agreement referred to below
399 Park Avenue
New York, New York 10043

ATTENTION: Bilal Aman

Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not defined herein being used herein as therein defined), by and among the undersigned, certain other borrowers parties thereto, certain Banks parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent and Citibank, N.A., as Agent for such Banks; hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests an A Borrowing under the Credit Agreement and (c) in that connection sets forth below the information relating to such A Borrowing (the "Proposed A Borrowing") as required by Section 2.02 (a) of the Credit Agreement:

- (i) The Business Day of the Proposed A Borrowing is _____, 19_____.
- (ii) The Type of A Advances comprising the Proposed A Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
- (iii) The aggregate amount of the Proposed A Borrowing is \$_____.
- (iv) [The Interest Period for each A Advance made as part of the Proposed A Borrowing is _____ months.]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed A Borrowing:

- (a) the representations and warranties contained in Section 4.01 of the Credit Agreement as to the Borrower and its Subsidiaries are correct on and as of the date of the Proposed A Borrowing, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

Exhibit B-1 -- 1

Multi-Year Credit Agreement

- (b) no event has occurred and is continuing, or would result from the Proposed A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both;
- (c) [the senior unsecured debt of the Borrower is rated _____ by S&P and _____ by Moody's; and]
- [(d)] after giving effect to the Proposed A Borrowing and all other Borrowings which have been requested on or prior to the date of the Proposed A Borrowing but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks to the Borrower (computed without regard to any B Reduction).

Very truly yours,

[BORROWER]

By: _____
 Name: _____
 Title: _____

cc: Citicorp North America, Inc.
 1200 Smith Street, Suite 2000
 Houston, Texas 77002
 Attn: The Williams Companies, Inc.
 Account Officer

Exhibit B-1 -- 2

Multi-Year Credit Agreement

EXHIBIT B-2

NOTICE OF B BORROWING

[Date]

Citibank, N.A., as Agent
 for the Banks parties to the
 Credit Agreement referred to below
 399 Park Avenue
 New York, New York 10043

ATTENTION: Bilal Aman

Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), (a) refers to the Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not defined herein being used herein as therein defined), by and among the undersigned, certain other borrowers parties thereto, certain Banks parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent and Citibank, N.A., as Agent for such Banks; (b) hereby gives you notice, irrevocably, pursuant to Section 2.16 of the Credit Agreement that the undersigned hereby requests a B Borrowing under the Credit Agreement and (c) in that connection sets forth the terms on which such B Borrowing (the "Proposed B Borrowing") is requested to be made:

- (A) Date of B Borrowing _____
- (B) Amount of B Borrowing _____
- (C) Maturity Date _____
- (D) Interest Rate Basis _____
- (E) Interest Payment Date(s) _____
- (F) Prepayment Permitted [Yes/No] [Conditions]
- (G) _____

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed B Borrowing:

- (a) the representations and warranties contained in Section 4.01 of the Credit Agreement as to the Borrower and its Subsidiaries are correct on and as of the date of the Proposed B Borrowing, before and after giving effect to the Proposed B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;
- (b) no event has occurred and is continuing, or would result from the Proposed B Borrowing or from the application of the proceeds therefrom, which constitutes an

Exhibit B-2 -- 1

Multi-Year Credit Agreement

Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

- (c) following the making of the Proposed B Borrowing and all other Borrowings to be made on the same day under the Credit Agreement, the aggregate principal amount of all Advances of the Banks to the Borrower then outstanding will not exceed the aggregate amount of the Commitments of the Banks to the Borrower (computed without regard to any B Reduction); and
- (d) after giving effect to the Proposed B Borrowing and all other Borrowings which have been requested on or prior to the date of the Proposed B Borrowing but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks (computed without regard to any B Reduction).

The undersigned hereby confirms that the Proposed B Borrowing is to be made available to it in accordance with Section 2.16(a)(v) of the Credit Agreement.

Very truly yours,

[BORROWER NAME]

By: _____
 Name: _____
 Title: _____

cc: Citicorp North America, Inc.
 1200 Smith Street, Suite 2000
 Houston, Texas 77002
 Attn: The Williams Companies, Inc.
 Account Officer

Exhibit B-2 -- 2

Multi-Year Credit Agreement

EXHIBIT C

WILLIAM G. VON GLAHN
Senior Vice President and
General Counsel

One Williams Center
Tulsa, Oklahoma 74172
918/573-2480

July 25, 2000

To each of the Banks parties to the Credit Agreement dated as of July 25, 2000, by and among the Borrowers, the Banks parties thereto and Citibank, N.A., as Agent for the Banks

Ladies and Gentlemen:

I am General Counsel of The Williams Companies, Inc. ("TWC") and have acted as counsel to the Borrowers in connection with the U.S. \$700,000,000 Credit Agreement dated July 25, 2000, by and among the Borrowers, the Banks parties thereto, and Citibank, N.A., as Agent for the Banks (the "Agreement"). This opinion is furnished to you at the request of the Borrowers pursuant to Section 3.01(d) of the Agreement. Terms defined in the Agreement not otherwise defined herein are used herein as therein defined.

In connection with the opinions expressed herein, I, or attorneys reporting to me, have examined and relied upon copies of the following documents:

- (a) the Agreement, including all exhibits, schedules, and attachments thereto, and any Notes issued pursuant thereto;
- (b) Certificates of the Secretary of State of the State of Delaware dated July 25, 2000, attesting to the continued corporate existence and good standing of each Borrower in that State; and
- (c) the Certificates of Incorporation and By-Laws of the Borrowers, and all amendments thereto.

Those documents identified in items (a) through (c) above are collectively referred to herein as the "Transaction Documents." In connection with this opinion, I or other attorneys acting under my supervision have (i) investigated such questions of law, (ii) examined such corporate documents and records of the Borrowers and certificates of public officials, and (iii) received such information from officers and representatives of the Borrowers and made such

Exhibit C - 1

Multi-Year Credit Agreement

investigations as I or other attorneys under my supervision have deemed necessary or appropriate for the purposes of this opinion. I have not, nor have other attorneys under my supervision, conducted independent investigations or inquiries to determine the existence of matters, actions, proceedings, items, documents, facts, judgments, decrees, franchises, certificates, permits, or the like and have made no independent search of the records of any court, arbitrator, or governmental authority affecting any Person, and no inference as to my knowledge thereof shall be drawn from the fact of my representation of any party or otherwise.

In rendering the opinions herein, I have assumed without independent verification (i) the genuineness of all signatures of the Banks and the Agent, (ii) the capacity of the signing officers of each of the Banks and the Agent, (iii) the authenticity of all documents submitted to me as original and the conformity with the authentic originals of all documents submitted to me as copies, and (iv) the due execution and delivery, pursuant to due authorization, of the Agreement by the Banks and the Agent and the enforceability of the Agreement against the Banks and the Agent.

Based upon and subject to the foregoing and the other qualifications, limitations, and assumptions set forth below and upon such other matters as I have deemed appropriate, I am of the opinion that:

1. Each of the Borrowers is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.
2. The execution, delivery, and performance by each Borrower of the Agreement and any Notes and the consummation of the transactions contemplated by the Agreement are (a) within each Borrower's corporate powers, (b) will not contravene (i) the respective Certificates of Incorporation or By-Laws of each Borrower, (ii) any law, rule, or regulation applicable to each Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), or (iii) any contractual or legal restriction, and (d) will not result in or require the creation or imposition of any Lien prohibited by the Agreement.
3. The Agreement and any Notes have been duly authorized, executed, and delivered to the Agent by each Borrower.
4. No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery, and performance by any Borrower of the Agreement or the consummation of the transactions contemplated by the Agreement, except, in the case of such performance, for such authorizations, approvals, actions, notices, and filings which have been made or obtained.
5. The Agreement and the Notes, if any, when executed and delivered, will constitute legal, valid, and binding obligations of the Borrowers enforceable against each Borrower in accordance with their respective terms.

Exhibit C - 2

6. Except as set forth in the Public Filings, to my knowledge there are no pending or overtly threatened actions or proceedings against any Borrower or any of its Subsidiaries before any court, governmental agency, or arbitrator that purport to affect the legality, validity, binding effect, or enforceability of the Agreement or the Notes, if any, that would reasonably be expected to have a materially adverse effect upon the financial condition or operations of the Borrowers and their Subsidiaries, taken as a whole.
7. No Borrower is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. No Borrower is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.
8. In any action or proceeding arising out of or relating to the Agreement or any of the Notes in any court of the State of Oklahoma or in any Federal court sitting in the State of Oklahoma, assuming (i) proper venue, jurisdiction, and a full and proper presentation of the issues and the law to the court, (ii) such action or proceeding is not dismissed on the basis of an inconvenient forum, and (iii) that the court properly applies Oklahoma law, such court would (a) recognize and give effect to the provisions of the Agreement and the Notes that set forth the governing law, and (b) construe the Agreement and the Notes in accordance with the internal laws of the State of New York. Subject to the foregoing and without limiting the generality thereof, a court of the State of Oklahoma or a Federal court sitting in the State of Oklahoma would apply the usury law of the State of New York, and would not apply the usury law of the State of Oklahoma, to the Agreement and the Notes. However, if a court were to hold that the Agreement or any of the Notes are governed by or to be construed in accordance with the laws of the State of Oklahoma, the Agreement and the Notes when executed, delivered, and funded, would be, under the laws of the State of Oklahoma, legal, valid, and binding obligations of each Borrower signatory thereto and enforceable against each Borrower in accordance with their respective terms.

The opinions expressed in this letter are subject to the following additional qualifications and limitations:

- A. My opinion in paragraph 1 with respect to the incorporation and good standing of the Borrowers is based solely on Certificates, dated as of July 25, 2000, from the Secretary of State of the State of Delaware, certifying as to such matters.
- B. My opinions in paragraph 5 and my opinion in the last sentence of paragraph 8 above are subject, insofar as enforceability is concerned, to the effect of any

Exhibit C - 3

applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar law affecting creditors' rights and remedies generally.

- C. My opinion in paragraph 5 and my opinion in the last sentence of paragraph 8 above are subject, insofar as enforceability is concerned, to the effect of general principles of equity including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether considered in a proceeding in equity or at law).
- D. I express no opinion with respect to the enforceability of any of the following: (i) indemnification provisions to the extent the same are violative of federal or state securities laws, rules, or regulations, or of public policy, (ii) clauses waiving right to trial by jury, exculpation clauses, or clauses granting offset rights to the Banks or against any deposits or in respect of matured claims, (iii) clauses relating to recovery of attorneys' fees in connection with the enforcement of obligations, (iv) clauses relating to release of unmatured claims and integration clauses to the effect that no representation was made other than as appears in the Agreement, (v) clauses purporting to waive unmatured rights, representations, warranties, or affirmative or negative covenants to the extent such representations, warranties, or covenants can be construed to be independent clauses which purport to be legal, valid, binding, and enforceable by themselves, as distinguished from being clauses that trigger an event of default, and severability and similar clauses, and (vi) clauses that incorporate by reference a document or instrument or agreement not in existence on the date hereof to the extent that any such document, instrument, or agreement is the basis of an effort to enforce the Agreement, insofar as any of the foregoing are contained in the Agreement.
- E. I express no opinion as to the effect on the opinions herein stated of compliance or non-compliance by any Bank with any applicable state, federal, or other laws or regulations applying only to banks, or the legal or regulatory status of any Bank.
- F. My opinion in paragraph 5 and my opinion in paragraph 8 above assumes (i) application of New York law would not be found to be contrary to a fundamental policy of a state with a materially greater interest in determining the question presented and the laws of which would govern in absence of an effective choice of law, (ii) Citibank, N.A. has a place of business located in the State of New York, and (iii) the Borrowers are required to perform a part of their respective obligations under the Agreement, such as delivery of payment, in the State of New York.
- G. Qualification of any statement or opinion herein by the use of the words "to my knowledge" means that during the course of representation in connection with the transactions contemplated by the Agreement, no information has come to the attention of me or attorneys reporting to me that would give me or such attorneys

Exhibit C - 4

current actual knowledge of the existence of facts or matters so qualified. I have not undertaken any investigation to determine the existence of facts, and no inference as to my knowledge thereof shall be drawn from the fact of the representation by me or attorneys reporting to me of any party or otherwise.

I am admitted to practice law in the States of Oklahoma and New York, and, accordingly, the opinions expressed herein are based upon and limited exclusively to the laws of the States of Oklahoma and New York, the General Corporation Law of the State of Delaware and the laws of the United States of America insofar as any of such laws are applicable. I render no opinion with respect to any other laws.

Exhibit C - 5

Multi-Year Credit Agreement

This opinion letter is solely for the benefit of the Banks and the Agent, their respective successors, assigns, participants, and other transferees and counsel for the Persons referred to in this sentence, in consummating the transaction contemplated by the Agreement, and may not be used or relied upon by, quoted, transmitted to, or filed with any other Person or for any other purpose whatsoever without in each instance my prior written consent. This opinion speaks as of its date, and I undertake no, and hereby expressly disclaim any, duty to advise you as to any changes of fact or law coming to my attention after the date hereof.

Very truly yours,

William G. von Glahn

Exhibit C - 6

Multi-Year Credit Agreement

EXHIBIT D
[FORM OF OPINION]

July __, 2000

To each of the Banks party to the Credit Agreement described below, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent and Citibank, N.A., as Agent

Ladies and Gentlemen:

We have acted as special counsel to Citibank, N.A., acting for itself and as Agent, in connection with the preparation, execution and delivery of the Credit Agreement, dated as of July __, 2000 (the "Credit Agreement"), by and among The Williams Companies, Inc., Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation, and Texas Gas Transmission Corporation (each a "Borrower" and collectively, the "Borrowers"), and each of you. Terms defined in the Credit Agreement are used herein as therein defined.

In that connection, we have examined the following documents:

(1) Counterparts of the Credit Agreement, executed by the Agent, the Co-Syndication Agents, the Documentation Agent and each of the Borrowers, respectively.

(2) The documents furnished by the Borrowers pursuant to Section 3.01 of the Credit Agreement and listed on Annex A hereto, including the opinion of William G. von Glahn ("Opinion").

In our examination of the documents referred to above, we have assumed (i) the authenticity of all such documents submitted to us as originals, (ii) the genuineness of all signatures and (iii) the conformity to the originals of all such documents submitted to us as copies. We have also assumed the accuracy of all matters set forth in the certificates referred to on Annex A hereto and assumed that the Borrowers, the Banks, the Co-Syndication Agents, the Documentation Agent and the Agent have duly executed and delivered, with all necessary power and authority (corporate and otherwise), the Credit Agreement and that the Borrowers have duly executed and delivered, with all necessary power and authority (corporate and otherwise), the respective A Notes. We have also assumed that (i) no Bank has requested that the opinion

Exhibit D - 1

Multi-Year Credit Agreement

required by Section 3.1(d) of the Credit Agreement contain any matter not contained in the form of opinion set forth as Exhibit C to the Credit Agreement, (ii) no Bank other than those Banks listed in item (1) of Annex A has requested that A Notes be delivered to it and (iii) the Agent has satisfactory evidence that principal and interest on all loans and advances outstanding and all accrued fees and other obligations owed by any of the Borrowers pursuant to the Second Amended and Restated Credit Agreement dated as of July 23, 1997, among the Borrowers, the financial institutions party thereto and Citibank, N.A., as agent for such institutions (as amended) have been paid in full.

Based upon the foregoing examination of documents and assumptions and upon such other investigation as we have deemed necessary, we are of the opinion that the Opinion and the other documents referred to in item (2) above are substantially responsive to the requirements of the Credit Agreement.

This opinion (i) is furnished solely for the benefit of the Banks, the Co-Syndication Agents, the Documentation Agent, the Agent, their respective successors, assigns, participants and other transferees and solely in connection with the transactions described above and (ii) may not be relied upon by, or communicated to, any other Person or for any other purpose, nor may it be quoted, circulated or published or made public, in whole or in part, or furnished, without our prior written consent, to any Person. This opinion is rendered as of the date hereof, and we express no opinion as to, and disclaim any undertaking or obligation to update this opinion in respect of changes in laws or interpretations thereof or in circumstances or events that occur subsequent to this date.

Very truly yours,

Mayer, Brown & Platt

Exhibit D - 2

Multi-Year Credit Agreement

ANNEX A

- (1) A Notes dated July ____, 2000 of each Borrower payable to the order of the following Banks:

[list banks requesting A Notes]
- (2) Certified copies of resolutions of the Board of Directors of each Borrower pertaining to the Credit Agreement and the Notes.
- (3) A certificate of the Secretary or an Assistant Secretary of each Borrower certifying (a) the names and the signatures of officers of such Borrower authorized to sign the Credit Agreement and the Notes for such Borrower and (b) copies of the Certificate of Incorporation and Bylaws of such Borrower.
- (4) The opinion of William G. von Glahn, Esq., substantially in the form of Exhibit C to the Credit Agreement.
- (5) A certificate of an officer of each Borrower stating the respective ratings by each of S&P and Moody's of the senior unsecured long-term debt of such Borrower as in effect on July ____, 2000.

Exhibit D - 3

Multi-Year Credit Agreement

EXHIBIT E

INVESTMENTS DESCRIBED IN

PARAGRAPH 5.02(e) OF THE CREDIT AGREEMENT

Loan Agreement dated as of September 8, 1999 between Williams Communications, Inc., as Borrower, and TWC, as Lender, filed as Exhibit 10.57 to WCG's Form 10-K/A for the fiscal year ended December 31, 1999.

Various immaterial intercompany receivables between TWC or its Subsidiaries and the WCG Subsidiaries for services rendered, which are settled on a reasonably prompt basis. Services are rendered to the WCG Subsidiaries by TWC or its Subsidiaries pursuant to certain intercompany services agreements, all of which are filed as exhibits to WCG's Form 10-K/A for the fiscal year ended December 31, 1999.

As of July 25, 2000, TWC's investment in WCG consists of 395,434,965 shares of Class B common stock.

Exhibit E - 1

Multi-Year Credit Agreement

EXHIBIT F

TRANSFER AGREEMENT

This Transfer Agreement, dated as of _____ (this "Agreement"), is made by and among The Williams Companies, Inc., a Delaware corporation ("TWC"), Northwest Pipeline Corporation ("NWP"), Transcontinental Gas Pipe Line Corporation ("TGPL") and Texas Gas Transmission Corporation ("TGT"), each a Delaware corporation (TWC, NWP, TGPL and TGT being each a "Borrower" and collectively, the "Borrowers"); Citibank, N.A., as Agent for the banks party to the Credit Agreement, dated as of July 25, 2000 (as such may be amended from time to time, the "Credit Agreement"), by and among the Borrowers, such Agent and such banks; _____ ("Assignor"); and (d) _____ ("Assignee"). In consideration of the mutual covenants herein contained, the parties hereto agree as set forth herein.

1. Transfer. Pursuant to the last sentence of Section 8.06(a) of the Credit Agreement, Assignor hereby assigns to Assignee (without representation or warranty to Assignee and without Assignee having recourse against Assignor as a result of such assignment), and Assignee hereby assumes, a constant _____% of each of the Assignor's Commitments (such term used throughout this Agreement without giving effect to any B Reduction) to each of the Borrowers under the Credit Agreement, such assignment from Assignor to Assignee being [all of Assignor's Commitments to the Borrower] [(a) \$ _____ of Assignor's \$ _____ Commitment to TWC; (b) \$ _____ of Assignor's \$ _____ Commitment to NWP; (c) \$ _____ of Assignor's \$ _____ Commitment to TGPL; and (d) \$ _____ of Assignor's \$ _____ Commitment to TGT] (the amount of such Commitment to the Borrower so assigned is called the "Assigned Portion" of such Commitment). [The Assignee is already a Bank under the Credit Agreement with a Commitment of \$ _____, \$ _____, \$ _____, \$ _____ and \$ _____ to TWC, NWP, TGPL and TGT, respectively, prior to the assumption contemplated hereby.] [The Assignee is hereby approved by the Agent [and the Borrowers] for purposes of the assignment and assumption contemplated hereby.] As contemplated by such Section 8.06, it is hereby agreed that:

- (i) the Assignor is hereby released from all of its obligations under the Credit Agreement with respect to or arising as a result of the Assigned Portions of its Commitment assigned hereby;
- (ii) the Assignee hereby becomes obligated for the Assigned Portions of such Commitment and all other obligations of the Assignor (including, without limitation, obligations to the Agent under Section 7.05 of the Credit Agreement or otherwise) under the Credit Agreement with respect to or arising as a result of the Assigned Portions of such Commitments;
- (iii) the Assignee is hereby assigned the right to vote or consent under the Credit Agreement and the other rights and obligations of the Assignor under the Credit

Exhibit F-1

Agreement, in each case to the extent of the Assigned Portions of such Commitment;

- (iv) TWC, if requested or required to do so pursuant to Section 2.09 of the Credit Agreement, contemporaneously with its execution and delivery hereof, will deliver, in replacement of the A Note of the Assignor currently outstanding [(and in replacement of Assignee's existing \$_____ A Note)] (a) to the Assignee, a new A Note in the amount of \$_____ [(and the Assignee agrees to mark "Exchanged" and return to TWC, with reasonable promptness following such delivery, any A Note of the Assignee being replaced thereby)], (b) to the Assignor, a new A Note in the amount of \$_____ (and the Assignor agrees to return to TWC, with reasonable promptness following delivery of such new A Note, any A Note of the Assignor being replaced thereby, marked "Exchanged"), and (c) to the Agent, photocopies of all such new A Notes and of all such replaced A Notes;
- (v) NWP, if requested or required to do so pursuant to Section 2.09 of the Credit Agreement, contemporaneously with its execution and delivery hereof, will deliver, in replacement of the A Note of the Assignor currently outstanding [(and in replacement of Assignee's existing \$_____ A Note)] (a) to the Assignee, a new A Note in the amount of \$_____ [(and the Assignee agrees to mark "Exchanged" and return to TWC, with reasonable promptness following such delivery, any A Note of the Assignee being replaced thereby)], (b) to the Assignor, a new A Note in the amount of \$_____ (and the Assignor agrees to return to TWC, with reasonable promptness following delivery of such new A Note, any A Note of the Assignor being replaced thereby, marked "Exchanged"), and (c) to the Agent, photocopies of all such new A Notes and of all such replaced A Notes;
- (vi) TGPL, if requested or required to do so pursuant to Section 2.09 of the Credit Agreement, contemporaneously with its execution and delivery hereof, will deliver, in replacement of the A Note of the Assignor currently outstanding [(and in replacement of Assignee's existing \$_____ A Note)] (a) to the Assignee, a new A Note in the amount of \$_____ [(and the Assignee agrees to mark "Exchanged" and return to TGPL, with reasonable promptness following such delivery, any A Note of the Assignee being replaced thereby)], (b) to the Assignor, a new A Note in the amount of \$_____ (and the Assignor agrees to return to TGPL, with reasonable promptness following delivery of such new A Note, any A Note of the Assignor being replaced thereby, marked "Exchanged"), and (c) to the Agent, photocopies of all such new A Notes and of all such replaced A Notes;
- (vii) TGT, if requested or required to do so pursuant to Section 2.09 of the Credit Agreement, contemporaneously with its execution and delivery hereof, will deliver, in replacement of the A Note of the Assignor currently outstanding [(and in replacement of Assignee's existing \$_____ A Note)] (a) to the

Exhibit F-2

Assignee, a new A Note in the amount of \$_____ [(and the Assignee agrees to mark "Exchanged" and return to TGT, with reasonable promptness following such delivery, any A Note of the Assignee being replaced thereby)], (b) to the Assignor, a new A Note in the amount of \$_____ (and the Assignor agrees to return to TGT, with reasonable promptness following delivery of such new A Note, any A Note of the Assignor being replaced thereby, marked "Exchanged"), and (c) to the Agent, photocopies of all such new A Notes and of all such replaced A Notes;

- (viii) [inasmuch as there are currently no outstanding A Advances, no transfer of A Advances is hereby made];
- (ix) [\$_____, \$_____, \$_____, \$_____ of the Assignor's outstanding A Advances to TWC, NWP, TGPL and TGT, respectively, are hereby transferred to the Assignee, which amounts represent [the aggregate amount of all of the Assignor's outstanding A Advances to TWC, NWP, TGPL and TGT, respectively,] [the amount of the assigned portions of the outstanding A Advances of the Assignor to the Borrower being hereby assigned to Assignee a portion of each such A Advance with the assigned portion of each such A Advance being equal to the amount of such A Advance multiplied by a fraction, the numerator of which is the amount of the Assignor's Commitments assumed hereby by the Assignee and the denominator of which is the amount of the Assignor's Commitments (without giving effect to any B Reduction) immediately prior to such assumption]; [and]
- (x) the Assignee hereby confirms that it is a party to the Credit Agreement as a Bank and agrees that after giving effect to this Agreement its Commitments will be \$_____, \$_____, \$_____, \$_____ to TWC, NWP, TGPL and TGT, respectively; [and]
- (xi) the Assignee hereby specifies the following offices as its Applicable Lending Offices under the Credit Agreement:

Domestic
Lending Office

Eurodollar
Lending Office

Attention: _____	Attention: _____
Telephone: _____	Telephone: _____
Telecopy: _____	Telecopy: _____
Answerback: _____	Answerback: _____

- (xii) [the Assignee hereby specifies the following as its address for notices and communications under the Credit Agreement:

Exhibit F-3

[Assignee]
 Attention: _____
 Telephone: _____
 Telecopy: _____
 Answerback: _____]

2. Miscellaneous.

2.1 Amendments, Etc. This Agreement shall not be amended, waived or otherwise modified except in writing executed by the parties hereto.

2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

2.3 Definitions. Capitalized terms used herein which are defined in the Credit Agreement and not defined herein are used herein as defined in the Credit Agreement.

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

2.5 Effective Date. This Agreement shall be effective as of the date first above written for purposes of computation of commitment fees under the Credit Agreement and for all other relevant purposes.

2.6 Assignee Credit Decision. The Assignee acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on such financial statements and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Assignee also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under any Note, the Credit Agreement or this Agreement.

2.7 Indemnity. The Assignee agrees to indemnify and hold the Assignor harmless against any and all losses, costs and expenses (including without limitation reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's performance or non-performance of obligations assumed by Assignee under this Agreement.

Exhibit F-4

Multi-Year Credit Agreement

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

[NAME OF ASSIGNEE] THE WILLIAMS COMPANIES, INC.

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____

[NAME OF ASSIGNOR] NORTHWEST PIPELINE CORPORATION

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____

CITIBANK, N.A., AS AGENT TRANSCONTINENTAL GAS PIPELINE CORPORATION

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____

TEXAS GAS TRANSMISSION CORPORATION

By: _____
Name: _____
Title: _____

Exhibit F-5

Multi-Year Credit Agreement

U.S. \$1,700,000,000

CREDIT AGREEMENT

Dated as of July 25, 2000

among

THE WILLIAMS COMPANIES, INC.

as Borrower

THE BANKS NAMED HEREIN

as Banks

THE CHASE MANHATTAN BANK

and

COMMERZBANK AG

as Co-Syndication Agents

and

CREDIT LYONNAIS NEW YORK BRANCH

as Documentation Agent

and

SALOMON SMITH BARNEY

as Arranger

and

CITIBANK, N.A.

as Agent

TABLE OF CONTENTS

	Page
PRELIMINARY STATEMENTS.....	1
ARTICLE I	
DEFINITIONS AND ACCOUNTING TERMS.....	1
Section 1.1 Certain Defined Terms.....	1
Section 1.2 Computation of Time Periods.....	14
Section 1.3 Accounting Terms.....	15
Section 1.4 Miscellaneous.....	15
Section 1.5 Ratings.....	15
ARTICLE II	
AMOUNTS AND TERMS OF THE ADVANCES.....	15
Section 2.1 The A Advances.....	15
Section 2.2 Making the A Advances.....	16
Section 2.3 Fees.....	18
Section 2.4 Reduction of the Commitments.....	18
Section 2.5 Repayment of A Advances.....	18
Section 2.6 Interest on A Advances.....	18
Section 2.7 Additional Interest on Eurodollar Rate Advances.....	19
Section 2.8 Interest Rate Determination.....	19
Section 2.9 Evidence of Debt.....	19
Section 2.10 Prepayments.....	20
Section 2.11 Increased Costs.....	21
Section 2.12 Illegality.....	22
Section 2.13 Payments and Computations.....	22
Section 2.14 Taxes.....	24
Section 2.15 Sharing of Payments, Etc.....	26
Section 2.16 The B Advances.....	26
Section 2.17 Optional Termination.....	30
Section 2.18 Extension of Termination Date.....	30
Section 2.19 Voluntary Conversion of Advances.....	30
Section 2.20 Automatic Provisions.....	31
ARTICLE III	
CONDITIONS.....	31
Section 3.1 Conditions Precedent to Initial Advances.....	31
Section 3.2 Additional Conditions Precedent to Each A Borrowing.....	32
Section 3.3 Conditions Precedent to Each B Borrowing.....	32

TABLE OF CONTENTS
(CONTINUED)

Page

ARTICLE IV

REPRESENTATIONS AND WARRANTIES.....	33
Section 4.1 Representations and Warranties of the Borrower.....	33

ARTICLE V

COVENANTS OF THE BORROWER.....	36
Section 5.1 Affirmative Covenants.....	36
Section 5.2 Negative Covenants.....	40

ARTICLE VI

EVENTS OF DEFAULT.....	43
Section 6.1 Events of Default.....	43

ARTICLE VII

THE AGENT, CO-SYNDICATION AGENTS AND DOCUMENTATION AGENT	46
Section 7.1 Authorization and Action.....	46
Section 7.2 Agent's Reliance, Etc.....	46
Section 7.3 Citibank, Chase, Commerzbank, Credit Lyonnais.....	47
Section 7.4 Bank Credit Decision.....	47
Section 7.5 Indemnification.....	47
Section 7.6 Successor Agent.....	48
Section 7.7 Co-Syndication Agents; Documentation Agent.....	48

ARTICLE VIII

MISCELLANEOUS.....	48
Section 8.1 Amendments, Etc.....	48
Section 8.2 Notices, Etc.....	49
Section 8.3 No Waiver; Remedies.....	49
Section 8.4 Costs and Expenses.....	49
Section 8.5 Right of Set-off.....	50
Section 8.6 Binding Effect; Transfers.....	51
Section 8.7 Governing Law.....	54
Section 8.8 Interest.....	54
Section 8.9 Execution in Counterparts.....	54
Section 8.10 Survival of Agreements, Representations and Warranties, Etc.....	55

TABLE OF CONTENTS
(CONTINUED)

Page

Section 8.11	Borrower's Right to Apply Deposits.....	55
Section 8.12	Confidentiality.....	55
Section 8.13	WAIVER OF JURY TRIAL.....	56
Section 8.14	Miscellaneous.....	56

364-Day Credit Agreement

Schedules and Exhibits

Schedule I	-	Bank Information
Schedule II	-	Borrower Information
Schedule III	-	Permitted Liens
Schedule IV	-	Commitments
Schedule V	-	Rating Categories
Exhibit A-1	-	Form of A Note
Exhibit A-2	-	Form of B Note
Exhibit B-1	-	Notice of A Borrowing
Exhibit B-2	-	Notice of B Borrowing
Exhibit C	-	Opinion of William G. von Glahn
Exhibit D	-	Opinion of Special Counsel to Agent
Exhibit E	-	Existing Loans and Investments in WCG Subsidiaries
Exhibit F	-	Form of Transfer Agreement

364 - Day Credit Agreement

CREDIT AGREEMENT

This Credit Agreement, dated as of July 25, 2000 (as may be amended, modified, supplemented, renewed, extended or restated from time to time, this "Agreement"), is by and among THE WILLIAMS COMPANIES, INC., a Delaware corporation ("TWC" or the "Borrower"); the various banks as are or may become parties hereto (collectively, the "Banks"); THE CHASE MANHATTAN BANK and COMMERZBANK AG, as Co-Syndication Agents, (in such capacity, together with any successors in such capacity, the "Co-Syndication Agents"); CREDIT LYONNAIS NEW YORK BRANCH, as Documentation Agent (in such capacity, together with any successors in such capacity, the "Documentation Agent"); and CITIBANK, N.A., as Agent (in such capacity, together with any successors in such capacity, the "Agent"). In consideration of the mutual covenants and agreements contained herein, the Borrower, the Agent and the Banks hereby agree as set forth herein.

PRELIMINARY STATEMENTS

WHEREAS, the Borrower desires to obtain Commitments from the Banks pursuant to which A Advances, on the terms and conditions and in the amounts set forth herein, will be made to the Borrower from time to time prior to the Termination Date; and

WHEREAS, the Banks are willing, on the terms and subject to the conditions hereinafter set forth (including Article III), to extend such Commitments and make such A Advances to the Borrower; and

WHEREAS, the Borrower may from time to time request B Advances pursuant to the terms and conditions and in the amounts set forth herein, and one or more Banks may (but are not obligated to) make such B Advances;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"A Advance" means an advance by a Bank to the Borrower as part of an A Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of A Advance.

"A Borrowing" means a borrowing consisting of simultaneous A Advances of the same Type to the Borrower made by each of the Banks pursuant to Section 2.1.

"A Note" means a promissory note of the Borrower payable to the order of any Bank, in substantially the form of Exhibit A-1 hereto, (as such note may be amended, endorsed or otherwise modified from time to time) delivered at the request of such Bank pursuant to Section 2.9 or 8.6, together with any other note accepted from time to time in substitution or replacement therefor.

"Advance" means an A Advance or a B Advance.

"Agent" means Citibank, N.A. in its capacity as agent pursuant to Article VII hereof and any successor Agent pursuant to Section 7.6.

"Agreement" has the meaning specified in the Preamble.

"American Soda" means American Soda, L.L.P., a Colorado limited liability partnership.

"Applicable Commitment Fee Rate" means the rate per annum set forth on Schedule V under the heading "Applicable Commitment Fee Rate" for the relevant Rating Category applicable to the Borrower from time to time. The Applicable Commitment Fee Rate shall change when and as the relevant Rating Category applicable to the Borrower changes.

"Applicable Lending Office" means, with respect to each Bank, such Bank's Domestic Lending Office in the case of a Base Rate Advance and such Bank's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a B Advance, the office of such Bank notified by such Bank to the Agent as its Applicable Lending Office with respect to such B Advance.

"Applicable Margin" means, as to any Eurodollar Rate Advance, the rate per annum set forth in Schedule V under the heading "Applicable Margin" for the relevant Rating Category applicable to the Borrower from time to time. The Applicable Margin for any Eurodollar Rate Advance shall change when and as the relevant applicable Rating Category changes.

"Arranger" means Salomon Smith Barney.

"Attributable Obligation" of any Person means, with respect to any Sale and Lease- Back Transaction of such Person as of any particular time, the present value at such time discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of such Person, be extended).

"B Advance" means an advance by a Bank to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.16.

"B Borrowing" means a borrowing consisting of simultaneous B Advances to the Borrower from each of the Banks whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.16.

"B Note" means a promissory note of the Borrower payable to the order of any Bank, in substantially the form of Exhibit A-2 hereto, delivered at the request of such Bank pursuant to Sections 2.9, 2.16 or 8.6.

"B Reduction" has the meaning specified in Section 2.1.

"Banks" means the lenders listed on the signature pages hereof and each other Person that becomes a Bank pursuant to the last sentence of Section 8.6(a).

"Base Rate" means a fluctuating interest rate per annum as shall be in effect from time to time which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; or

(b) 1/2 of one percent per annum above the Federal Funds Rate in effect from time to time.

"Base Rate Advance" means an A Advance which bears interest as provided in Section 2.6(a).

"Borrower" means The Williams Companies, Inc., a Delaware corporation.

"Borrowing" means an A Borrowing or a B Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances or relates to any B Advance as to which the related Notice of B Borrowing is delivered pursuant to clause (B) of Section 2.16(a)(i), on which dealings are carried on in the London interbank market.

"Cash Holdings" of any Person means the total investment of such Person at the time of determination in:

(a) demand deposits and time deposits maturing within one year with a Bank (or other commercial banking institution of the stature referred to in clause (d)(i));

(b) any note or other evidence of indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or by a government of another country which carries a long-term rating of Aaa by Moody's or AAA by S&P;

(c) commercial paper, maturing not more than nine months from the date of issue, which is issued by

(i) a corporation (other than an affiliate of the Borrower) and rated (x) A-1 by S&P, P-1 by Moody's or F-1 by Fitch or (y) lower than set forth in clause (x) above, provided that the value of all such commercial paper shall not exceed 10% of the total value of all commercial paper comprising "Cash Holdings," or

(ii) any Bank (or its holding company) with a rating on its unsecured long term debt of at least AA by S&P or Aa by Moody's;

(d) any certificate of deposit or bankers acceptance, maturing not more than three years after such time, which is issued by either

(i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$1,000,000,000, or

(ii) any Bank with a rating on its unsecured long term debt of at least AA by S&P or Aa by Moody's;

(e) notes or other evidences of indebtedness maturing not more than three years after such time, issued by

(i) a corporation (other than an affiliate of the Borrower) rated AA by S&P or Aa by Moody's, or

(ii) any Bank (or its holding company) with a rating on its unsecured long term debt of at least AA by S&P or Aa by Moody's;

(f) any repurchase agreement entered into with any Bank (or other commercial banking institution of the stature referred to in clause (d)(i)) which

(i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (d), and

(ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Bank (or other commercial banking institution) thereunder; and

(g) money market preferred instruments by participation in a Dutch auction (or the equivalent) where the investment is rated no lower than Aa by Moody's or AA by S&P.

"Chase" means The Chase Manhattan Bank.

"Citibank" means Citibank, N.A.

"Code" means, as appropriate, the Internal Revenue Code of 1986, as amended, or any successor federal tax code, and any reference to any statutory provision shall be deemed to be a reference to any successor provision or provisions.

"Commerzbank" means Commerzbank AG.

"Commitment" of any Bank means at any time the amount set opposite or deemed (pursuant to clause (vii) of the last sentence of Section 8.6(a) and as reflected in the relevant Transfer Agreement referred to in such sentence) to be set opposite such Bank's name on Schedule IV as such amount may be terminated, reduced or increased after the date hereof, pursuant to Section 2.4, Section 2.17, Section 6.1 or Section 8.6(a).

"Consolidated" refers to the consolidation of the accounts of any Person and its subsidiaries in accordance with generally accepted accounting principles; provided that, unless otherwise provided, "Consolidated" shall mean the consolidation of the accounts of the Borrower and its Subsidiaries and shall not include any accounts of the WCG Subsidiaries; provided that for purposes of the Consolidated financial statements required to be delivered pursuant to Sections 4.1(e), 5.1(b)(ii) and 5.1(b)(iii) and where otherwise provided, the consolidation of the accounts of the Borrower and its subsidiaries shall include the WCG Subsidiaries.

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Subsidiaries on a Consolidated basis plus, in the case of the Borrower, the Designated Minority Interests to the extent not otherwise included; provided that, in no event shall the value ascribed to Designated Minority Interests exceed \$136,892,000 in the aggregate.

"Consolidated Tangible Net Worth" of any Person means the Tangible Net Worth of such Person and its Subsidiaries on a Consolidated basis.

"Consolidating" refers to, with respect to the balance sheets and statements of income and cash flows required by Sections 4.1(e), 5.1(b)(ii) and 5.1(b)(iii), the consolidation of the accounts of the Borrower and its subsidiaries in accordance with the following format: (i) the WCG Subsidiaries, (ii) the Borrower and its subsidiaries (which term does not include the WCG Subsidiaries), (iii) consolidation adjustments, and (iv) Consolidated financial statements of the Borrower and each of its subsidiaries, including the WCG Subsidiaries.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.2, Section 2.19 or Section 2.20.

"Co-Syndication Agent" means either of Chase or Commerzbank, together with the successors and assigns of each in such capacity.

"Credit Lyonnais" means Credit Lyonnais New York Branch.

"Debt" means, in the case of any Person, (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures or notes, (iii) obligations of such Person to pay the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business), (iv) monetary obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations of such Person under guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) of this definition and (vi) indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) of this definition secured by any Lien on or in respect of any property of such Person; provided, however, that Debt shall not include any obligation under or resulting from any agreement referred to in paragraph (y) of Schedule III; and provided further, it is the understanding of the parties hereto that Debt shall not include any monetary obligations or guaranties of monetary obligations of Persons as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as operating leases.

"Designated Minority Interests" of the Borrower means, as of any date of determination, the total of the minority interests in the following Subsidiaries: (i) El Furrrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, and (vi) other Subsidiaries, as presented in the Consolidating balance sheet of the Borrower, in an amount not to exceed in the aggregate \$9,000,000 for such other Subsidiaries not referred to in items (i) through (v); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests."

"Designating Bank" has the meaning specified in Section

8.6(d).

"Documentation Agent" means Credit Lyonnais, together with its successors and assigns in such capacity.

"Domestic Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or pursuant to Section 8.6(a), or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Agent.

"EDGAR" means "Electronic Data Gathering, Analysis and Retrieval" system, a database maintained by the Securities and Exchange Commission containing electronic filings of issuers of certain securities.

"El Furrial" means WilPro Energy Services (El Furrial) Limited, a Cayman Islands corporation.

"Environment" shall have the meaning set forth in 42 U.S.C. 9601(8) or any successor statute and "Environmental" shall mean pertaining or relating to the Environment.

"Environmental Protection Statute" shall mean any United States local, state or federal, or any foreign, law, statute, regulation, order, consent decree or other agreement or Governmental Requirement arising from or in connection with or relating to the protection or regulation of the Environment, including, without limitation, those laws, statutes, regulations, orders, decrees, agreements and other Governmental Requirements relating to the disposal, cleanup, production, storing, refining, handling, transferring, processing or transporting of Hazardous Waste, Hazardous Substances or any pollutant or contaminant, wherever located.

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

"ERISA Affiliate" means any trade or business (whether or not incorporated) which is a member of a group of which the Borrower is a member and which is under common control within the meaning of Section 414 of the Code and the regulations promulgated thereunder.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or pursuant to Section 8.6(a) (or, if no such office is specified, its Domestic Lending Office) or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Eurodollar Rate Advance comprising part of the same A Borrowing for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Dow Jones Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Eurodollar Rate Advance comprising part of the same A Borrowing for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

"Eurodollar Rate Advance" means an A Advance that bears interest as provided in Section 2.6(b).

"Eurodollar Rate Reserve Percentage" of any Bank for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.1.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Fitch" means Fitch, Inc.

"Governmental Requirements" means all judgments, orders, writs, injunctions, decrees, awards, laws, ordinances, statutes, regulations, rules, franchises, permits, certificates, licenses, authorizations and the like and any other requirements of any

government or any commission, board, court, agency, instrumentality or political subdivision thereof.

"Hazardous Substance" shall have the meaning set forth in 42 U.S.C. Section 9601(14) and shall also include each other substance considered to be a hazardous substance under any Environmental Protection Statute.

"Hazardous Waste" shall have the meaning set forth in 42 U.S.C. Section 6903(5) and shall also include each other substance considered to be a hazardous waste under any Environmental Protection Statute (including, without limitation 40 C.F.R. Section 261.3).

"Insufficiency" means, with respect to any Plan, the amount, if any, by which the present value of the vested benefits under such Plan exceeds the fair market value of the assets of such Plan allocable to such benefits.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same A Borrowing, the period commencing on the date of such A Advance or the date of the Conversion of any Base Rate Advance into a Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each Interest Period shall be one, two, three or six months, in each case as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select (it being agreed that selection of a subsequent Interest Period for an outstanding Eurodollar Rate Advance does not require that a Notice of A Borrowing be given, inasmuch as no Advance is being requested or made as a result of such selection); provided, however, that:

- (i) Interest Periods commencing on the same date for A Advances comprising part of the same A Borrowing shall be of the same duration;
- (ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;
- (iii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month in which it would have ended if there were a numerically corresponding day in such calendar month; and

(iv) the Borrower may not select any Interest Period that ends after the Termination Date, and the Borrower may not select any Interest Period if any Event of Default exists.

"Lien" means any mortgage, lien, pledge, charge, deed of trust, security interest, encumbrance or other type of preferential arrangement to secure or provide for the payment of any obligation of any Person, whether arising by contract, operation of law or otherwise (including, without limitation, the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement).

"Majority Banks" means at any time Banks having more than 50% of the then aggregate unpaid principal amount of the A Advances outstanding to Banks, or, if no such principal amount is then outstanding, Banks having more than 50% of the principal amount of the Commitments or, if no such principal amount is then outstanding and all Commitments have terminated, Banks having more than 50% of the then aggregate unpaid principal amount of the B Advances outstanding to Banks (provided that for purposes of this definition and Sections 2.17, 6.1 and 7.1 neither the Borrower nor any Subsidiary or Related Party of the Borrower, if a Bank, shall be included in (i) the Banks to which A Advances or B Advances are owed or (ii) determining the aggregate unpaid principal amount of the A Advances or the B Advances or the amount of the Commitments). For purposes hereof, Advances made by an SPC shall be considered Advances of its Designating Bank.

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

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

"Multiple Employer Plan" means an employee benefit plan as defined in Section 3(2) of ERISA, other than a Multiemployer Plan, subject to Title IV of ERISA to which the Borrower or any ERISA Affiliate, and one or more employers other than the Borrower or an ERISA Affiliate, is making or accruing an obligation to make contributions or, in the event that any such plan has been terminated, to which the Borrower or any ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"Multiyear Williams Credit Agreement" means that certain Credit Agreement of even date herewith among The Williams Companies, Inc., NWP, TGPL and TGT, as Borrowers; the financial institutions party thereto, as "Banks" thereunder; The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents; Credit Lyonnais New York Branch, as Documentation Agent; and Citibank, N.A. as Agent (as the same may from time to time be amended, supplemented, restated or otherwise modified).

"Nebraska Energy" means Nebraska Energy, L.L.C., a Kansas limited liability company.

"Net Debt" means for the Borrower as of any date of determination, the excess of (x) the aggregate amount of all Debt of the Borrower and its Subsidiaries on a Consolidated basis, excluding Non-Recourse Debt, over (y) the sum of the Cash Holdings of the Borrower and its Subsidiaries on a Consolidated basis.

"Net Worth" of any Person means, as of any date of determination the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles.

"Non-Recourse Debt" means Debt incurred by any non-material Subsidiary which is a Non-Borrowing Subsidiary (as defined in the Multiyear Williams Credit Agreement) to finance the acquisition (other than any acquisition from the Borrower or any Subsidiary) or construction of a project, which Debt does not permit or provide for recourse against the Borrower or any Subsidiary of the Borrower (other than the Subsidiary that is to acquire or construct such project) or any property or asset of the Borrower or any Subsidiary of the Borrower (other than the property or assets of the Subsidiary that is to acquire or construct such project). For purposes of this definition, a "non-material Subsidiary" shall mean any Subsidiary of the Borrower, which, as of the date of the most recent Consolidating balance sheet of the Borrower delivered pursuant to Section 5.1 as described in clause (ii) of the definition of "Consolidating," has total assets which account for less than five percent (5%) of the total assets of the Borrower and its Subsidiaries, as shown in the column described in clause (ii) of the definition of "Consolidating" of such Consolidating balance sheet; provided, that the total aggregate assets of the non-material Subsidiaries shall not comprise more than ten percent (10%) of the total assets of the Borrower and its Subsidiaries, as shown in such column of such Consolidating balance sheet.

"Note" means an A Note or a B Note.

2.2(a). "Notice of A Borrowing" has the meaning specified in Section

2.16(a). "Notice of B Borrowing" has the meaning specified in Section

corporation. "NWP" means Northwest Pipeline Corporation, a Delaware

"PBGC" means the Pension Benefit Guaranty Corporation.

Schedule III. "Permitted Liens" means Liens specifically described on

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

"PIGAP II" means WilPro Energy Services (PIGAP II) Limited, a Cayman Islands corporation.

"Plan" means an employee pension benefit plan (other than a Multiemployer Plan) as defined in Section 3(2) of ERISA currently maintained by, or in the event such plan has terminated, to which contributions have been made or an obligation to make such contributions has accrued during any of the five plan years preceding the date of the termination of such plan by, the Borrower or any ERISA Affiliate for employees of the Borrower or any ERISA Affiliate and covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code.

"Public Filings" means the Borrower's annual report on Form 10-K/A for the year ended December 31, 1999, and the Borrower's quarterly report on Form 10-Q for the quarter ended March 31, 2000.

"Rating Category" means, as to the Borrower, the relevant category applicable to the Borrower from time to time as set forth on Schedule V, which is based on the ratings (or lack thereof) of the Borrower's senior unsecured long-term debt by S&P or Moody's. In the event there is a split between the ratings of the Borrower's senior unsecured long-term debt by S&P and Moody, "Rating Category" shall mean, as to the Borrower, the relevant category applicable to the Borrower from time to time as set forth on Schedule V, which is based on the higher of the ratings of the Borrower's senior unsecured long-term debt by S&P and Moody.

"Related Party" of any Person means any corporation, partnership, joint venture or other entity of which more than 10% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person or which owns at the time directly or indirectly more than 10% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such Person or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency); provided, however, that neither the Borrower nor any Subsidiary of the Borrower shall be considered to be a Related Party of the Borrower or any Subsidiary of the Borrower.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sale and Lease-Back Transaction" of any Person means any arrangement entered into by such Person or any Subsidiary of such Person, directly or indirectly, whereby such Person or any Subsidiary of such Person shall sell or transfer any property, whether now owned or hereafter acquired, and whereby such Person or any Subsidiary of such Person shall then or thereafter rent or lease as lessee such property or any part thereof or other property which such Person or any Subsidiary of such Person intends to use for substantially the same purpose or purposes as the property sold or transferred.

"Seminole" means Seminole Pipeline Company, a Delaware corporation.

"SPC" has the meaning specified in Section 8.6(d).

"Stated Termination Date" means July 24, 2001, or such later date, if any as may be agreed to by the Borrower and the Banks pursuant to Section 2.18.

"Subordinated Debt" means any Debt of the Borrower which is effectively subordinated to the obligations of the Borrower hereunder and under the Notes, if any.

"Subsidiary" of any Person means any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding capital stock or other equity interests having ordinary voting power to elect a majority of the board of directors of such corporation, partnership, joint venture or other entity or others performing similar functions (irrespective of whether or not at the time capital stock or other equity interests of any other class or classes of such corporation, partnership, joint venture or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person. Notwithstanding the above, in the case of the Borrower, "Subsidiary" shall not include the WCG Subsidiaries, except that with respect to the Consolidated balance sheet and related Consolidated statements of income and cash flows for the Borrower referred to in Sections 4.1(e), 5.1(b)(ii) and 5.1(b)(iii) and as otherwise specifically provided herein the term "Subsidiary" used with respect to The Borrower shall include the WCG Subsidiaries.

"Tangible Net Worth" of any Person means, as of any date of determination, the excess of total assets of such Person over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles, excluding, however, from the determination of total assets (i) patents, patent applications, trademarks, copyrights and trade names, (ii) goodwill, organizational, experimental, research and development expense and other like intangibles, (iii) treasury stock, (iv) monies set apart and held in a sinking or other analogous fund established for the purchase, redemption or other retirement of capital stock or Subordinated Debt, and (v) unamortized debt discount and expense.

"Termination Date" means the earlier of (i) the Stated Termination Date or (ii) the date of termination in whole of the Commitments pursuant to Section 2.4, 2.17 or 6.1.

"Termination Event" means (i) a "reportable event", as such term is described in Section 4043 of ERISA (other than a "reportable event" not subject to the provision for 30- day notice to the PBGC), or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer," as such term is defined in Section 4001(a)(2) of ERISA, or the incurrance of liability by the Borrower or any ERISA Affiliate under Section 4064 of ERISA upon the termination of a Plan or Multiple Employer Plan, or (iii) the distribution of a notice of intent to terminate a Plan pursuant to Section 4041(a)(2) of ERISA or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"TGPL" means Transcontinental Gas Pipe Line Corporation, a Delaware corporation.

"TGT" means Texas Gas Transmission Corporation, a Delaware corporation.

"Transfer Agreement" has the meaning specified in Section 8.6.

"TWC" is defined in the preface of this Agreement.

"Type" has the meaning set forth in the definition herein of A

Advance.

"Unrated" means that no senior unsecured long-term debt of the Borrower is rated by S&P and no senior unsecured long-term debt of the Borrower is rated by Moody's.

"WCG" means Williams Communications Group, Inc., a Delaware corporation.

"WCG Subsidiaries" means, collectively, WCG and any direct or indirect Subsidiary of WCG.

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person all of the capital stock and other equity interests of which is owned by such Person or any Wholly-Owned Subsidiary of such Person.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

"WPC" means Williams Gas Pipelines Central, Inc., a Delaware corporation, formerly Williams Natural Gas Company.

Section 1.2 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

Section 1.3 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles, and each reference herein to "generally accepted accounting principles" shall mean generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.1(e).

Section 1.4 Miscellaneous. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, Section, Schedule and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Agreement, unless otherwise specified.

Section 1.5 Ratings. A rating, whether public or private, by S&P or Moody's shall be deemed to be in effect on the date of announcement or publication by S&P or Moody's, as the case may be, of such rating or, in the absence of such announcement or publication, on the effective date of such rating and will remain in effect until the announcement or publication of, or in the absence of such announcement or publication, the effective date of, any change in, or withdrawal or termination of, such rating. In the event the standards for any rating by Moody's or S&P are revised, or any such rating is designated differently (such as by changing letter designations to different letter designations or to numerical designations), the references herein to such rating shall be deemed to refer to the revised or redesignated rating for which the standards are closest to, but not lower than, the standards at the date hereof for the rating which has been revised or redesignated, all as determined by the Majority Banks in good faith. Long-term debt supported by a letter of credit, guaranty, insurance or other similar credit enhancement mechanism shall not be considered as senior unsecured long-term debt. If either Moody's or S&P has at any time more than one rating applicable to senior unsecured long-term debt of the Borrower, the lowest such rating shall be applicable for purposes hereof. For example, if Moody's rates some senior unsecured long-term debt of the Borrower Ba1 and other such debt of the Borrower Ba2, the senior unsecured long-term debt of the Borrower shall be deemed to be rated Ba2 by Moody's.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

Section 2.1 The A Advances. Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to the Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount outstanding not to exceed at any time such Bank's Commitment; provided that the aggregate amount of the Commitments of the Banks shall, except for purposes of Section 2.3(a), be deemed used from time to time to the extent of the aggregate amount of the B Advances then outstanding to the Borrower and such deemed use of the aggregate amount of such Commitments shall be applied to the Banks ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "B Reduction"). Each A Borrowing shall be in an aggregate

amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and shall consist of A Advances of the same Type made to the Borrower on the same day by the Banks ratably according to their respective Commitments. Within the limits of each Bank's Commitment, the Borrower may borrow, prepay pursuant to Section 2.10 and reborrow under this Section 2.1.

Section 2.2 Making the A Advances. (a) Each A Borrowing shall be made on notice, given not later than (1) in the case of a proposed Borrowing comprised of Eurodollar Rate Advances, 11:00 A.M. (New York City time) at least three Business Days prior to the date of the proposed Borrowing, and (2) in the case of a proposed Borrowing comprised of Base Rate Advances, 10:00 A.M. (New York City time) on the date of the proposed Borrowing, by the Borrower to the Agent, which shall give to each Bank prompt notice thereof by telecopy, telex or cable. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be by telephone, confirmed immediately in writing, or by telecopy, telex or cable in substantially the form of Exhibit B-1 hereto, executed by the Borrower and specifying therein the requested (i) date of such A Borrowing (which shall be a Business Day), (ii) initial Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of Eurodollar Rate Advances, initial Interest Period for each such A Advance. Each Bank shall, before 11:00 A.M. (New York City time) on the date of such A Borrowing, make available for the account of its Applicable Lending Office to the Agent at its New York address referred to in Section 8.2, in same day funds, such Bank's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's aforesaid address.

(b) Anything herein to the contrary notwithstanding:

(i) at no time shall there be outstanding to the Borrower more than ten A Borrowings comprised of Eurodollar Rate Advances;

(ii) the Borrower may not select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than \$10,000,000;

(iii) if the Majority Banks shall notify the Agent that either (A) the Eurodollar Rate for any Interest Period for any Eurodollar Rate Advances will not adequately reflect the cost to such Banks of making or funding their respective Eurodollar Rate Advances for such Interest Period, or (B) that U.S. dollar deposits for the relevant amounts and Interest Period for their respective Advances are not available to them in the London interbank market, or it is otherwise impossible to have Eurodollar Rate Advances, the Agent shall forthwith so notify the Borrower and the Banks, whereupon (I) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (II) the obligations of the Banks to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent, at the request of the Majority Banks, shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and, except as provided in Section 2.2(b)(v), each Advance comprising any requested A Borrowing shall be a Base Rate Advance;

(iv) if the Agent is unable to determine the Eurodollar Rate for Eurodollar Rate Advances, the obligation of the Banks to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and, except as provided in Section 2.2(b)(v), each Advance comprising any requested A Borrowing shall be a Base Rate Advance; and

(v) if the Borrower has requested a proposed A Borrowing consisting of Eurodollar Rate Advances and as a result of circumstances referred to in Section 2.2(b)(iii) or (iv) such A Borrowing would not consist of Eurodollar Rate Advances, the Borrower may, by notice given not later than 3:00 P.M. (New York City time) at least one Business Day prior to the date such proposed A Borrowing would otherwise be made, cancel such A Borrowing, in which case such A Borrowing shall be canceled and no Advances shall be made as a result of such requested A Borrowing, but the Borrower shall indemnify the Banks in connection with such cancellation as contemplated by Section 2.2(c).

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrower, except as set forth in Section 2.2(b)(v). In the case of any A Borrowing which the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund the A Advance to be made by such Bank as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date. A certificate in reasonable detail as to the basis for and the amount of such loss, cost or expense submitted to the Borrower and the Agent by such Bank shall be prima facie evidence of the amount of such loss, cost or expense. If an A Borrowing which the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances is not made as an A Borrowing comprised of Eurodollar Rate Advances as a result of Section 2.2(b), the Borrower shall indemnify each Bank against any loss (excluding loss of profits), cost or expense incurred by such Bank by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank prior to the time such Bank is actually aware that such A Borrowing will not be so made to fund the A Advance to be made by such Bank as part of such A Borrowing. A certificate in reasonable detail as to the basis for and the amount of such loss, cost or expense submitted to the Borrower and the Agent by such Bank shall be prima facie evidence of the amount of such loss, cost or expense.

(d) Unless the Agent shall have received notice from a Bank prior to the date of any A Borrowing that such Bank will not make available to the Agent such Bank's ratable portion of such A Borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.2 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Agent, such Bank and the Borrower severally agree to repay to the Agent

forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's A Advance as part of such A Borrowing for purposes of this Agreement.

(e) The failure of any Bank to make the A Advance to be made by it as part of any A Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its A Advance on the date of such A Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the A Advance to be made by such other Bank on the date of any A Borrowing.

Section 2.3 Fees.

(a) Commitment Fee. The Borrower agrees to pay to the Agent for the account of each Bank a commitment fee on the average daily unused (for the purposes of this Section 2.3(a), B Advances shall not be considered to be usage of any Commitment) portion of such Bank's Commitment to the Borrower from the date hereof until the Termination Date at a rate per annum from time to time equal to the Applicable Commitment Fee Rate from time to time, payable in arrears on the last day of each March, June, September and December during the term such Bank has any Commitment and on the Termination Date.

(b) Agent's Fees. The Borrower agrees to pay to the Agent, for its sole account, such fees as may be separately agreed to in writing by the Borrower and the Agent.

Section 2.4 Reduction of the Commitments. The Borrower shall have the right, upon at least five Business Days notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Banks; provided that each partial reduction shall be in the aggregate amount of at least \$10,000,000; and provided further, that the aggregate amount of the Commitments of the Banks shall not be reduced to an amount which is less than the aggregate principal amount of the Advances then outstanding to the Borrower.

Section 2.5 Repayment of A Advances. The Borrower shall repay, on the Stated Termination Date or such earlier date as the Notes may be declared due pursuant to Article VI, the unpaid principal amount of each A Advance made by each Bank to the Borrower.

Section 2.6 Interest on A Advances. The Borrower shall pay interest on the unpaid principal amount of each A Advance made by each Bank to the Borrower from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Base Rate Advances. At such times as such A Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable quarterly in arrears on the last day of each March, June, September and December and on the date such Advance shall be Converted or paid in full; provided that any amount of principal of any Base Rate Advance,

interest, fees and other amounts payable hereunder (other than principal of any Eurodollar Rate Advance) which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the sum of the Base Rate in effect from time to time plus 2% per annum.

(b) Eurodollar Rate Advances. At such times as such A Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such A Advance to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin in effect from time to time for such A Advance, payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day which occurs during such Interest Period every three months from the first day of such Interest Period; provided that any amount of principal of any Eurodollar Rate Advance which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the sum of the rate per annum required to be paid on such A Advance at such time plus 2% per annum.

Section 2.7 Additional Interest on Eurodollar Rate Advances. The Borrower shall pay to each Bank, so long as such Bank shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Bank, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Bank for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Bank and notified to the Borrower through the Agent. A certificate as to the amount of such additional interest submitted to the Borrower and the Agent by such Bank shall be conclusive and binding for all purposes, absent manifest error. No Bank shall have the right to recover any additional interest pursuant to this Section 2.7 for any period more than 90 days prior to the date such Bank notifies the Borrower that additional interest may be charged pursuant to this Section 2.7.

Section 2.8 Interest Rate Determination. The Agent shall give prompt notice to the Borrower and the Banks of the applicable interest rate for each Eurodollar Rate Advance determined by the Agent for purposes of Section 2.6(b).

Section 2.9 Evidence of Debt.

(a) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Bank resulting from each A Advance and B Advance made by such Bank, including the amounts of principal and interest payable and paid to such Bank from time to time hereunder.

(b) The Agent shall maintain accounts in which it shall record (i) the amount of each Advance made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Bank hereunder and (iii) the amount of any sum received by the Agent hereunder for the account of the Banks and each Bank's share thereof.

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

(d) Any Bank may request that the A Advances or any B Advance made by it be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Bank a Note or Notes payable to the order of such Bank. Thereafter, the Advances evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 8.6) be represented by one or more Notes payable to the order of the payee named therein.

Section 2.10 Prepayments.

(a) The Borrower shall not have any right to prepay any principal amount of any A Advance, except as provided in this Section 2.10.

(b) The Borrower shall (i) in respect of Base Rate Advances, upon notice to the Agent before 10:00 A.M. (New York City time) on the date of prepayment and (ii) in respect of Eurodollar Rate Advances, upon at least three Business Days' notice to the Agent, in each case stating the proposed date (which shall be a Business Day) and aggregate principal amount of the prepayment, prepay the outstanding principal amounts of the A Advances comprising part of the same A Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid and amounts, if any, required to be paid pursuant to Section 8.4(b) as a result of such prepayment; provided, however, that each partial prepayment pursuant to this Section 2.10(b) shall be in an aggregate principal amount not less than \$5,000,000 and in an aggregate principal amount such that after giving effect thereto (1) no A Borrowing comprised of Base Rate Advances shall have a principal amount outstanding of less than \$5,000,000 and (2) no A Borrowing comprised of Eurodollar Rate Advances shall have a principal amount outstanding of less than \$10,000,000.

(c) The Borrower will give notice to the Agent, at or before the time of each prepayment by the Borrower of Advances, pursuant to this Section 2.10 specifying the Advances which are to be prepaid and the amount of such prepayment to be applied to such Advances. Each payment of any Advance pursuant to this Section 2.10 or any other provision of this Agreement shall be made in a manner such that all Advances comprising part of the same Borrowing are paid in whole or ratably in part.

Section 2.11 Increased Costs.

(a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) in or in the interpretation, application or applicability of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental or monetary authority (whether or not having the force of law), there shall be any increase in the cost to any Bank of agreeing to make or making, funding or maintaining Eurodollar Rate Advances to the Borrower, then the Borrower shall from time to time, upon demand by such Bank (with a copy of such demand to the Agent), pay to the Agent for the account of such Bank additional amounts sufficient to compensate such Bank for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Bank, shall be prima facie evidence of the amount of such increased cost. No Bank shall have the right to recover any such increased costs for any period more than 90 days prior to the date such Bank notifies the Borrower of any such introduction, change, compliance or proposed compliance.

(b) If any Bank determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental or monetary authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and that the amount of such capital is increased by or based upon the existence of such Bank's commitment to lend to the Borrower hereunder and other commitments of this type, then, upon demand by such Bank (with a copy of such demand to the Agent), the Borrower shall immediately pay to the Agent for the account of such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank or such corporation in the light of such circumstances, to the extent that such Bank reasonably determines such increase in capital to be allocable to the existence of such Bank's commitment to lend hereunder. A certificate as to the amount of such additional amounts, submitted to the Borrower and the Agent by such Bank, shall be prima facie evidence of the amount of such additional amounts. No Bank shall have any right to recover any additional amounts under this Section 2.11(b) for any period more than 90 days prior to the date such Bank notifies the Borrower of any such compliance.

(c) In the event that any Bank makes a demand for payment under Sections 2.7, Section 2.14 or this Section 2.11, the Borrower may within ninety (90) days of such demand, if no Event of Default or event which, with the giving of notice or lapse of time or both, would constitute an Event of Default then exists, replace such Bank with another commercial bank in accordance with all of the provisions of the last sentence of Section 8.6(a) (including execution of an appropriate Transfer Agreement); provided that (i) all obligations of such Bank to lend hereunder shall be terminated and the Notes payable to such Bank and all other obligations owed to such Bank hereunder shall be purchased in full without recourse at par plus accrued interest at or prior to such replacement, (ii) such replacement bank (unless such replacement bank is already a Bank prior to such replacement) shall be reasonably satisfactory to the Agent, (iii) such replacement bank shall, from and after such replacement, be deemed for all purposes to be a "Bank" hereunder with a Commitment in the amount of the Commitment of such Bank immediately prior to such replacement (plus, if such

replacement bank is already a Bank prior to such replacement the respective Commitment of such Bank to the Borrower prior to such replacement), as such amount may be changed from time to time pursuant hereto, and shall have all of the rights, duties and obligations hereunder of the Bank being replaced, and (iv) such other actions shall be taken by the Borrower, such Bank and such replacement bank as may be appropriate to effect the replacement of such Bank with such replacement bank on terms such that such replacement bank has all of the rights, duties and obligations hereunder as such Bank (including, without limitation, execution and delivery of new Note(s) to such replacement bank if requested by such replacement bank or if required pursuant to Section 2.9, redelivery to the Borrower in due course of the Note(s) of the Borrower payable to such Bank and specification of the information contemplated by Schedule I as to such replacement bank).

(d) Before making any demand under this Section 2.11, each Bank agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

Section 2.12 Illegality. (a) Notwithstanding any other provision of this Agreement, if any Bank shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation shall make it unlawful, or that any central bank or other governmental or monetary authority shall assert that it is unlawful, for any Bank or its Eurodollar Lending Office to perform its obligations hereunder to make, or Convert a Base Rate Advance into, a Eurodollar Rate Advance or to continue to fund or maintain any Eurodollar Rate Advance, then, on notice thereof to the Borrower by the Agent, (i) the obligation of each of the Banks to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent, at the request of the Majority Banks, shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of all Banks then outstanding together with all accrued interest thereon and all amounts payable pursuant to Section 8.4(b), unless each Bank shall determine in good faith in its sole opinion that it is lawful to maintain the Eurodollar Rate Advances made by such Bank to the end of the respective Interest Periods then applicable thereto or unless the Borrower, within five Business Days of notice from the Agent, Convert all Eurodollar Rate Advances of all Banks then outstanding into Base Rate Advances in accordance with Section 2.19.

(b) If legally permissible, before delivering any notice to the Agent under this Section 2.12 regarding illegality of Eurodollar Rate Advances, each Bank agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurodollar Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

Section 2.13 Payments and Computations.

(a) The Borrower shall make each payment hereunder to be made by it not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at its New York address referred to in Section 8.2 in same day funds, without deduction, counterclaim or offset of any kind. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest or commitment fees ratably (other than amounts payable pursuant to Sections 2.2(c), 2.7, 2.11, 2.14, 2.16 or 8.4(b)) to the Banks for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Bank to such Bank for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. In no event shall any Bank be entitled to share any fee paid to the Agent pursuant to Section 2.3(b), any auction fee paid to the Agent pursuant to Section 2.16(a)(i) or any other fee paid to the Agent, as such.

(b) [Intentionally Blank]

(c) (i) All computations of interest based on clause (a) of the definition herein of Base Rate and of commitment fees shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and (ii) all computations of interest based on the Eurodollar Rate, the Federal Funds Rate or clause (b) of the definition herein of Base Rate shall be made by the Agent, and all computations of interest pursuant to Section 2.7 shall be made by a Bank, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Agent (or, in the case of Section 2.7, by a Bank) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due by the Borrower to any Bank hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank hereunder. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate.

Section 2.14 Taxes.

(a) Any and all payments by the Borrower hereunder or under the Notes shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings with respect thereto, and all liabilities with respect thereto, excluding in the case of each Bank and the Agent, (i) taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Bank or the Agent (as the case may be) is organized or any political subdivision thereof and (ii) taxes imposed as a result of a present or former connection between such Bank or the Agent, as the case may be, and the jurisdiction imposing such tax or any political subdivision thereof and, in the case of each Bank, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Bank's Applicable Lending Office or any political subdivision thereof, other than any such connection arising solely from the Bank or Agent having executed or delivered, or performed its obligations or received a payment under, or taken any other action related to this Agreement (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Bank or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made by the Borrower hereunder or under the Notes executed by it or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or such Notes (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Bank and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) owed and paid by such Bank or the Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Bank or the Agent, as the case may be, makes written demand therefor; provided that, the Borrower shall have no liability pursuant to this clause (c) of this Section 2.14 to indemnify a Bank or the Agent for Taxes or Other Taxes which were paid by such Bank or the Agent more than ninety days prior to such written demand for indemnification.

(d) In the event that a Bank or the Agent receives a written communication from any governmental authority with respect to an assessment or proposed assessment of any Taxes, such Bank or Agent shall promptly notify the Borrower in writing and provide the Borrower with a copy

of such communication. The Agent or a Bank's failure to provide a copy of such communication to the Borrower shall not relieve the Borrower of any of its obligations under Section 2.14(c).

(e) Within 30 days after the date of the payment of Taxes by or at the direction of the Borrower, the Borrower will furnish to the Agent, at its address referred to in Section 8.2, the original or a certified copy of a receipt evidencing payment thereof. Should any Bank or the Agent ever receive any refund, credit or deduction from any taxing authority to which such Bank or the Agent would not be entitled but for the payment by the Borrower of Taxes as required by this Section 2.14 (it being understood that the decision as to whether or not to claim, and if claimed, as to the amount of any such refund, credit or deduction shall be made by such Bank or the Agent, as the case may be, in its reasonable judgment), such Bank or the Agent, as the case may be, thereupon shall repay to the Borrower an amount with respect to such refund, credit or deduction equal to any net reduction in taxes actually obtained by such Bank or the Agent, as the case may be, and determined by such Bank or the Agent, as the case may be, to be attributable to such refund, credit or deduction.

(f) Each Bank organized under the laws of a jurisdiction outside the United States shall on or prior to the date of its execution and delivery of this Agreement in the case of each Bank which is a party to this Agreement on the date this Agreement becomes effective and on the date of the Transfer Agreement pursuant to which it becomes a Bank is first effective in the case of each other Bank, and from time to time thereafter as necessary or appropriate (but only so long thereafter as such Bank remains lawfully able to do so), provide each of the Agent and the Borrower with two original Internal Revenue Service Forms W-8BEN or W-8ECI (or, in the case of a Bank that has provided a certificate to the Agent that it is not (i) a "bank" as defined in Section 881(c)(3)(A) of the Internal Revenue Code, (ii) a ten-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Borrower or (iii) a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code), Internal Revenue Service Form W-8BEN), or any successor or other form prescribed by the Internal Revenue Service, certifying that such Bank is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or any other Loan Document or, in the case of a Bank that has certified that it is not a "bank" as described above, certifying that such Bank is a foreign corporation. If the forms provided by a Bank at the time such Bank first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Bank provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms.

(g) For any period with respect to which a Bank has failed to provide the Borrower with the appropriate form, certificate or other document described in subsection(f) of this Section 2.14 (other than if such failure is due to a change in the applicable law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided) such Bank shall not be entitled to indemnification under subsection (a) or (c) of this Section 2.14 with respect to Taxes imposed by the United States by reason of such

failure; provided, however, that should a Bank become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Borrower shall take such steps as such Bank shall reasonably request to assist such Bank in recovering such Taxes.

(h) Any Bank claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Bank, be otherwise materially disadvantageous to such Bank.

(i) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.14 shall survive the payment in full of principal and interest hereunder and the termination of the Commitments.

(j) Notwithstanding any provision of this Agreement or the Notes, if any, to the contrary, this Section 2.14 shall be the sole provision governing indemnities and claims for taxes under this Agreement and the Notes, if any.

Section 2.15 Sharing of Payments, Etc. If any Bank shall obtain any payment (whether voluntary or involuntary, or through the exercise of any right of set-off or otherwise) on account of the A Advances made by it (other than pursuant to Sections 2.2(c), 2.7, 2.11, 2.14 or 8.4(b)) in excess of its ratable share of payments on account of the A Advances obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the A Advances owed to them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and such Bank shall repay to the purchasing Bank the purchase price to the extent of such Bank's ratable share (according to the proportion of (i) the amount of the participation purchased from such Bank as a result of such excess payment to (ii) the total amount of such excess payment) of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (i) the amount of such Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

Section 2.16 The B Advances.

(a) Each Bank severally agrees that the Borrower may make B Borrowings under this Section 2.16 from time to time on any Business Day during the period from the date hereof until the earlier of (1) the Termination Date or (2) the date occurring thirty (30) days prior to the Stated Termination Date in the manner set forth below; provided that, following the making of each B Borrowing, the aggregate amount of the Advances then outstanding to the Borrower shall not exceed

the aggregate amount of the Commitments of the Banks (computed without regard to any B Reduction).

(i) The Borrower may request a B Borrowing under this Section 2.16 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately in writing, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying the date and aggregate amount of the proposed B Borrowing, the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than the date occurring 7 days after the date of such B Borrowing or later than the earlier of (x) 6 months after the date of such B Borrowing or (y) the Stated Termination Date), the interest payment date or dates relating thereto, and any other terms to be applicable to such B Borrowing (including, without limitation, the basis to be used by the Banks in determining the rate or rates of interest to be offered by them as provided in paragraph (ii) below and prepayment terms, if any, but excluding any waiver or other modification to any of the conditions set forth in Article III), not later than 10:00 A.M. (New York City time) (A) at least one (1) Business Day prior to the date of the proposed B Borrowing, if the Borrower shall specify in the Notice of B Borrowing that the rates of interest to be offered by the Banks shall be fixed rates per annum and (B) at least five (5) Business Days prior to the date of the proposed B Borrowing, if the Borrower shall instead specify in the Notice of B Borrowing the basis to be used by the Banks in determining the rates of interest to be offered by them. The Agent shall in turn promptly notify each Bank of each request for a B Borrowing received by it from the Borrower by sending such Bank a copy of the related Notice of B Borrowing. Each time that the Borrower gives a Notice of B Borrowing, the Borrower shall pay to the Agent an auction fee equal to \$2000.

(ii) Each Bank may, if in its sole discretion it elects to do so, irrevocably offer to make one or more B Advances to the Borrower as part of such proposed B Borrowing at a rate or rates of interest specified by such Bank in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 10:00 A.M. (New York City time) (x) on the date of such proposed B Borrowing, in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above, and (y) three Business Days before the date of such proposed B Borrowing in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, of the minimum amount and maximum amount of each B Advance which such Bank would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.16(a), exceed such Bank's Commitment to the Borrower), the rate or rates of interest therefor and such Bank's Applicable Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Bank shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:45 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Banks. If any Bank wishes to request a B Note in respect to its B Advance, such request shall be delivered with the notice referred to in the preceding sentence. If any Bank shall elect not to make such an offer, such Bank shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election

is to be given to the Agent by the other Banks, and such Bank shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Bank to give such notice shall not cause such Bank to be obligated to make any B Advance as part of such proposed B Borrowing.

(iii) The Borrower shall, in turn, before 11:00 A.M. (New York City time) (x) on the date of such proposed B Borrowing in the case of a Notice of B Borrowing delivered pursuant to clause (A) of paragraph (i) above and (y) three Business Days before the date of such proposed B Borrowing in the case of a Notice of B Borrowing delivered pursuant to clause (B) of paragraph (i) above, either

(A) cancel such B Borrowing by giving the Agent notice to that effect, or

(B) accept one or more of the offers made by any Bank or Banks pursuant to paragraph (ii) above, in order of the lowest to highest rates of interest or margins (or, if two or more Banks bid at the same rates of interest, and the amount of accepted offers is less than the aggregate amount of such offers, the amount to be borrowed from such Banks as part of such B Borrowing shall be allocated among such Banks pro rata on the basis of the maximum amount offered by such Banks at such rates or margin in connection with such B Borrowing), in any aggregate amount up to the aggregate amount initially requested by the Borrower in the relevant Notice of B Borrowing, by giving notice to the Agent of the amount of each B Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Bank for such B Advance pursuant to paragraph ii above) to be made by each Bank as part of such B Borrowing, and reject any remaining offers made by Banks pursuant to paragraph (ii) above by giving the Agent notice to that effect.

(iv) If the Borrower notifies the Agent that such B Borrowing is canceled pursuant to paragraph (iii)(A) above, the Agent shall give prompt notice thereof to the Banks and such B Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Bank or Banks pursuant to paragraph (iii)(B) above, the Agent shall in turn promptly notify (A) each Bank that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such B Borrowing and whether or not any offer or offers made by such Bank pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Bank that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Bank as part of such B Borrowing, and (C) each Bank that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Bank that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Bank shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make

available for the account of its Applicable Lending Office to the Agent at its New York address referred to in Section 8.2 such Bank's portion of such B Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agents aforesaid address. Promptly after each B Borrowing the Agent will notify each Bank of the amount of the B Borrowing, the consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(b) Each B Borrowing shall be in an aggregate amount of not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof. The Borrower agrees that it will not request a B Borrowing unless, upon the making of such B Borrowing, the limitations set forth in the proviso to the first sentence of Section 2.16(a) are complied with.

(c) Within the limits and on the conditions set forth in this Section 2.16, the Borrower may from time to time borrow under this Section 2.16, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.16; provided that a B Borrowing shall not be made by the Borrower within three Business Days of the date of another B Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Bank which has made a B Advance to the Borrower, or each other holder of a B Note of the Borrower, on the maturity date of each B Advance made to the Borrower (such maturity date being that specified by the Borrower for repayment of such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and provided in the B Note, if any, evidencing such B Advance) the then unpaid principal amount of such B Advance. The Borrower shall not have any right to prepay any principal amount of any B Advance unless, and then only on the terms specified by the Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above and set forth in the B Note evidencing such B Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of each B Advance made to the Borrower from the date of such B Advance to the date the principal amount of such B Advance is repaid in full, at the rate of interest for such B Advance specified by the Bank making such B Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by the Borrower for such B Advance in the related Notice of B Borrowing delivered pursuant to subsection (a)(i) above, as provided in the B Note evidencing such B Advance.

(f) The indebtedness of the Borrower resulting from each B Advance made to the Borrower as part of a B Borrowing shall, if requested by the Bank making such B Advance, be evidenced by a separate B Note of the Borrower payable to the order of the Bank making such B Advance.

(g) The failure of any Bank to make the B Advance to be made by it as part of any B Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its B

Advance on the date of such B Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the B Advance to be made by such other Bank on the date of any B Borrowing.

Section 2.17 Optional Termination. Notwithstanding anything to the contrary in this Agreement, if (i) any Person (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Borrower or of any Subsidiary of the Borrower) or two or more Persons acting in concert (other than any group of employees of the Borrower or of any of its Subsidiaries) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Borrower (or other securities convertible into such securities) representing 35% or more of the combined voting power of all securities of the Borrower entitled to vote in the election of directors, other than securities having such power only by reason of the happening of a contingency, or (ii) during any period of up to 24 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Borrower or who were elected by individuals who at the beginning of such period were such directors or by individuals elected in accordance with this clause (ii) shall cease for any reason (other than as a result of death, incapacity or normal retirement) to constitute a majority of the board of directors of the Borrower, or (iii) any Person (other than the Borrower or a Wholly-Owned Subsidiary of the Borrower) or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a merger or purchase agreement with the Borrower pursuant to which such Person or Persons shall have acquired the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Borrower; then the Agent shall at the request, or may with the consent, of the Majority Banks, by notice of the Borrower, declare all of the Commitments and the obligation of each Bank to make Advances to be terminated, whereupon all of the Commitments and each such obligation shall forthwith terminate, and the Borrower shall not have any further right to borrow hereunder.

Section 2.18 Extension of Termination Date. By notice given to the Agent and the Banks, at least thirty days but not more than sixty days before the Stated Termination Date then in effect, the Borrower may request the Banks to extend the Stated Termination Date for an additional period to a date which is 364 days after the then current Stated Termination Date. Within thirty days after receipt of such request, each Bank that agrees, in its sole and absolute discretion, to so extend the Stated Termination Date shall notify the Borrower and the Agent in writing that it so agrees, and if all Banks so agree the Stated Termination Date shall be so extended.

Section 2.19 Voluntary Conversion of Advances. The Borrower may on any Business Day, if no Event of Default then exists, upon notice (which shall be irrevocable) given to the Agent not later than 11:00 A.M. (x) in the case of a proposed Conversion into Eurodollar Rate Advances, on the third Business Day prior to the date of the proposed conversion, and (y) in the case of a proposed Conversion into Base Rate Advances, on the date of the proposed Conversion, and subject to the provisions of Sections 2.2 and 2.12, Convert all Advances of one Type comprising the same A Borrowing into Advances of the other Type; provided that (i) no Conversion of any Eurodollar Rate Advances shall occur on a day other than the last day of an Interest Period for such Eurodollar Rate Advances, except as contemplated by Section 2.12, and (ii) Advances may not be Converted into

Eurodollar Rate Advances if the aggregate unpaid principal amount of the Advances is less than \$10,000,000. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the A Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the Interest Period for each such Advance.

Section 2.20 Automatic Provisions.

(a) If the Borrower shall fail to select the duration of any Interest Period for Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.1 and no Event of Default shall exist, the Agent will forthwith so notify the Borrower and the Banks, and such Advances will automatically, on the last day of the then existing Interest Period therefor, continue as Eurodollar Rate Advances with an Interest Period of one month. If any Event of Default shall exist, such Advances shall convert into Base Rate Advances on the last day of the then existing Interest Period.

(b) On the date on which the aggregate unpaid principal amount of the Eurodollar Rate Advances of the Borrower shall be reduced to less than \$10,000,000, all of such Eurodollar Rate Advances shall automatically Convert into Base Rate Advances.

ARTICLE III

CONDITIONS

Section 3.1 Conditions Precedent to Initial Advances. The obligation of each Bank to make its initial Advance on or after the date hereof is subject to the condition precedent that the Agent shall have received on or before the date hereof, each dated on or before such date, in form and substance satisfactory to the Agent and (except for the Notes, if any) in sufficient copies for each Bank:

(a) The A Notes executed by the Borrower to the order of each of the respective Banks which has requested an A Note prior to the date hereof and this Agreement executed by the Borrower.

(b) Certified copies of the resolutions of the Board of Directors, or the Executive Committee thereof, of the Borrower authorizing the execution of this Agreement and the Notes, to the extent such Notes may be requested by the Banks.

(c) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying (i) that attached thereto are true and correct copies of the Certificate of Incorporation and Bylaws of the Borrower, together with any amendments thereto, and (ii) the names and true signatures of the officers of the Borrower authorized to sign this Agreement, Notices of A Borrowing, Notices of B Borrowing and any Notes to be executed by the Borrower and any other documents to be delivered hereunder by the Borrower.

(d) An opinion of William G. von Glahn, General Counsel of the Borrower, substantially in the form of Exhibit C hereto and as to such other matters as any Bank through the Agent may reasonably request.

(e) An opinion of Mayer, Brown & Platt, special counsel to the Agent, substantially in the form of Exhibit D hereto.

(f) Evidence that principal and interest on all loans and advances outstanding (if any) and on all accrued fees and other obligations owed by TWC as borrower pursuant to that certain Second Amended and Restated Credit Agreement dated as of January 24, 2000 among TWC, as borrower, the financial institutions parties thereto (the "Prior Banks"), and Citibank, N.A., as agent for the Prior Banks have been paid in full, which payments may be made with the proceeds of the initial Borrowing.

(g) A certificate of an officer of the Borrower stating the respective ratings by each of S&P and Moody's of the senior unsecured long-term debt of the Borrower as in effect on the date of this Agreement.

Section 3.2 Additional Conditions Precedent to Each A Borrowing. The obligation of each Bank to make an A Advance on the occasion of any A Borrowing (including the initial A Borrowing) shall be subject to the further conditions precedent that on the date of such A Borrowing the following statements shall be true (and each of the giving of the applicable Notice of A Borrowing and the acceptance by the Borrower of the proceeds of such A Borrowing shall constitute a representation and warranty by the Borrower that on the date of such A Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.1 pertaining to the Borrower and its Subsidiaries are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) No event has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and

(c) After giving effect to such A Borrowing and all other Borrowings which have been requested on or prior to such date but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments (computed without regard to any B Reduction).

Section 3.3 Conditions Precedent to Each B Borrowing. The obligation of each Bank which is to make a B Advance to the Borrower on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the further

conditions precedent that (i) at or before the time required by paragraph (iii) of Section 2.16(a), the Agent shall have received the written confirmatory notice of such B Borrowing contemplated by such paragraph, (ii) on or before the date of such B Borrowing, but prior to such B Borrowing, if the Bank making any B Advance shall have requested a B Note pursuant to Section 2.16(a)(ii), the Agent shall have received a B Note executed by the Borrower payable to the order of such Bank for the B Advances to be made by such Bank as part of such B Borrowing, in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.16, and (iii) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower of the proceeds of such B Borrowing shall constitute a representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.1 are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) No event has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

(c) Following the making of such B Borrowing and all other Borrowings to be made on the same day to the Borrower under this Agreement, the aggregate principal amount of all Advances to the Borrower then outstanding will not exceed the aggregate amount of the Commitments (computed without regard to any B Reduction); and

(d) After giving effect to such B Borrowing and all other Borrowings which have been requested on or prior to such date but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks (computed without regard to any B Reduction).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses,

authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals the failure to have which could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes, if any, delivered hereunder and the consummation of the transactions contemplated by this Agreement are within the Borrower's corporate or limited liability company powers, have been duly authorized by all necessary corporate or limited liability company action, do not contravene (i) the Borrower's charter, by-laws or formation agreement or (ii) law or any contractual restriction binding on or affecting the Borrower and will not result in or require the creation or imposition of any Lien prohibited by this Agreement.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes, if any, or the consummation of the transactions contemplated by this Agreement.

(d) This Agreement has been duly executed and delivered by the Borrower. This Agreement is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity. The A Notes, if any, are, and when executed the B Notes, if any, will be, the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) The Consolidated and Consolidating balance sheets of the Borrower and its Subsidiaries as at December 31, 1999, and the related Consolidated and Consolidating statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the Consolidated and Consolidating balance sheet of the Borrower and its Subsidiaries as at March 31, 2000, and the related Consolidated and Consolidating statements of income and cash flows of the Borrower and its Subsidiaries for the three months then ended, duly certified by an authorized financial officer of the Borrower, copies of

which have been furnished to each Bank, fairly present, (in the case of such balance sheets as at March 31, 2000, and such statements of income and cash flows for the three months then ended, subject to year-end audit adjustments) the Consolidated and Consolidating financial condition of the Borrower and its Subsidiaries as at such dates and the Consolidated and Consolidating results of operations of the Borrower and its Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since March 31, 2000, there has been no material adverse change in the condition or operations of the Borrower or its Subsidiaries.

(f) Except as set forth in the Public Filings or as otherwise disclosed in writing by the Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, there is no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower or any material Subsidiary of the Borrower (including any of the WCG Subsidiaries) before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Agreement or any Note.

(g) No proceeds of any Advance has been or will be used for any purpose or in any manner not permitted by Section 5.2(k).

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any such margin stock (other than purchases of common stock expressly permitted by Section 5.2(k)) or to extend credit to others for the purpose of purchasing or carrying any such margin stock. Following the application of the proceeds of each Advance, not more than 25% of the value of the assets of the Borrower will be represented by such margin stock and not more than 25% of the value of the assets of the Borrower and its Subsidiaries (including the WCG Subsidiaries) will be represented by such margin stock.

(i) The Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(j) No Termination Event has occurred or is reasonably expected to occur with respect to any Plan that could reasonably be expected to have a material adverse effect on the Borrower or any material Subsidiary of the Borrower (including any material WCG Subsidiaries). Neither the Borrower nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and the Borrower is not aware of any reason to expect that any Multiemployer Plan is to be in reorganization or to be terminated within the meaning of Title IV of ERISA that would have any material adverse effect on the Borrower, any material Subsidiary of the Borrower (including any material WCG Subsidiaries) or any ERISA Affiliate of the Borrower.

(k) As of the date of this Agreement, the United States federal income tax returns of the Borrower and its material Subsidiaries have been examined through the fiscal year ended December 31, 1995. The Borrower and its Subsidiaries have filed all United States Federal income tax returns and all other material domestic tax returns which are required to be filed by them and have paid, or provided for the payment before the same become delinquent of, all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower or any such Subsidiary, other than those taxes contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of the Borrower and the material Subsidiaries of the Borrower in respect of taxes are adequate.

(l) The Borrower is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(m) Except as set forth in the Public Filings or as otherwise disclosed in writing by the Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, the Borrower and its material Subsidiaries are in compliance in all material respects with all Environmental Protection Statutes to the extent material to their respective operations or financial condition. Except as set forth in the Public Filings or as otherwise disclosed in writing by the Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, the aggregate contingent and non-contingent liabilities of the Borrower and its Subsidiaries (other than those reserved for in accordance with generally accepted accounting principles and set forth in the financial statements regarding the Borrower referred to in Section 4.1(e) and delivered to each Bank and excluding liabilities to the extent covered by insurance if the insurer has confirmed that such insurance covers such liabilities or which the Borrower reasonably expects to recover from ratepayers) which are reasonably expected to arise in connection with (i) the requirements of Environmental Protection Statutes or (ii) any obligation or liability to any Person in connection with any Environmental matters (including, without limitation, any release or threatened release (as such terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980) of any Hazardous Waste, Hazardous Substance, other waste, petroleum or petroleum products into the Environment) could not reasonably be expected to have a material adverse effect on the business, assets, conditions or operations of the Borrower and its Subsidiaries, taken as a whole. For purposes of this clause (m) of Section 4.1, "Subsidiaries" shall be deemed to include WCG Subsidiaries.

ARTICLE V

COVENANTS OF THE BORROWER

Section 5.1 Affirmative Covenants. So long as any Note shall remain unpaid, any Advance shall remain outstanding or any Bank shall have any Commitment hereunder, the Borrower will, unless the Majority Banks shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (except where failure to comply could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole), such compliance to include, without limitation, the payment and discharge before the same become delinquent of all taxes, assessments and governmental charges or levies imposed upon it or any of its Subsidiaries or upon any of its property or any property of any of its Subsidiaries, and all lawful claims which, if unpaid, might become a Lien upon any property of it or any of its Subsidiaries; provided that neither the Borrower nor any Subsidiary of the Borrower shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of the Borrower or such Subsidiary, as the case may be.

(b) Reporting Requirements. Furnish to each of the Banks:

(i) as soon as possible and in any event within five days after the occurrence of each Event of Default or each event which, with the giving of notice or lapse of time or both, would constitute an Event of Default, continuing on the date of such statement, a statement of an authorized financial officer of the Borrower setting forth the details of such Event of Default or event and the actions, if any, which the Borrower has taken and proposes to take with respect thereto;

(ii) as soon as available and in any event not later than 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Consolidated and Consolidating balance sheets of the Borrower and its Subsidiaries as of the end of such quarter and the Consolidated and Consolidating statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous year and ending with the end of such quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments) by an authorized financial officer of the Borrower as having been prepared in accordance with generally accepted accounting principles; provided that, if any financial statement referred to in this clause (ii) of Section 5.1(b) is readily available on-line through EDGAR, the Borrower shall not be obligated to furnish copies of such financial statement. An authorized financial officer of the Borrower shall furnish a certificate (a) stating that he has no knowledge that an Event of Default, or an event which, with notice or lapse of time or both, would constitute an Event of Default has occurred and is continuing or, if an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof and the action, if any, which the Borrower proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of Section 5.2(b); provided that, for purposes of clauses (b)(ii) and (b) (iii) of this Section 5.1, "Subsidiaries," when used in relation to a Consolidated balance sheet and the related statements of income and cash flow, shall include the WCG Subsidiaries.

(iii) as soon as available and in any event not later than 105 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, including therein Consolidated and Consolidating balance sheets of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated and Consolidating statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case prepared in accordance with generally accepted accounting principles and certified by Ernst & Young, LLP or other independent certified public accountants of recognized standing acceptable to the Majority Banks; provided that if any financial statement referred to in this clause (iii) of Section 5.1(b) is readily available on-line through EDGAR, such Borrower shall not be obligated to furnish copies of such financial statement. The Borrower shall also deliver in conjunction with such financial statements, a certificate of such accounting firm to the Banks (a) stating that, in the course of the regular audit of the business of the Borrower and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that an Event of Default or an event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred and is continuing, or if, in the opinion of such accounting firm, an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof, and (b) showing in detail the calculations supporting such statement in respect of Section 5.2(b);

(iv) such other information respecting the business or properties, or the condition or operations, financial or otherwise, of the Borrower or any of its material Subsidiaries as any Bank through the Agent may from time to time reasonably request;

(v) promptly after the sending or filing thereof, copies of all proxy material, reports and other information which the Borrower sends to any of its security holders, and copies of all final reports and final registration statements which the Borrower or any material Subsidiary of the Borrower files with the Securities and Exchange Commission or any national securities exchange; provided that, if such proxy materials and reports, registration statements and other information are readily available on-line through EDGAR, the Borrower or material Subsidiary shall not be obligated to furnish copies thereof;

(vi) as soon as possible and in any event within 30 Business Days after the Borrower or any ERISA Affiliate knows or has reason to know (A) that any Termination Event described in clause (i) of the definition of Termination Event with respect to any Plan has occurred that could have a material adverse effect on the Borrower or any material Subsidiary of the Borrower (including any material WCG Subsidiary) or any ERISA Affiliate or (B) that any other Termination Event with respect to any Plan has occurred or is reasonably expected to occur that could have a material adverse effect on the Borrower or any material Subsidiary of the Borrower (including any material WCG Subsidiary) or any ERISA Affiliate, a statement of the chief financial officer or chief accounting officer of the Borrower describing such Termination Event and the action, if any, which the Borrower or such Subsidiary or ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within 25 Business Days after receipt thereof by the Borrower or any ERISA Affiliate, copies of each notice received by the Borrower or any ERISA Affiliate from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) within 30 days following request therefor by any Bank, copies of each Schedule B (Actuarial Information) to each annual report (Form 5500 Series) of the Borrower or any ERISA Affiliate with respect to each Plan;

(ix) promptly and in any event within 25 Business Days after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of a Withdrawal Liability by a Multiemployer Plan, (B) the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA, (C) the termination of a Multiemployer Plan within the meaning of Title IV of ERISA, or (D) the amount of liability incurred, or expected to be incurred, by the Borrower or any ERISA Affiliate in connection with any event described in clause (A), (B) or (C) above that, in each case, could have a material adverse effect on the Borrower or any ERISA Affiliate;

(x) not more than 60 days (or 105 days in the case of the last fiscal quarter of a fiscal year of the Borrower) after the end of each fiscal quarter of the Borrower, a certificate of an authorized financial officer of the Borrower stating the respective ratings, if any, by each of S&P and Moody's of the senior unsecured long-term debt of the Borrower as of the last day of such quarter; and

(xi) promptly after any withdrawal or termination of any letter of credit, guaranty, insurance or other credit enhancement referred to in the second to last sentence of Section 1.5 or any change in the indicated rating set forth therein or any change in, or issuance, withdrawal or termination of, the rating of any senior unsecured long-term debt of the Borrower by S&P or Moody's, notice thereof.

(c) Maintenance of Insurance. Maintain, and cause each of its material Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or its Subsidiaries operate, provided that the Borrower or any of its Subsidiaries may self-insure to the extent and in the manner normal for companies of like size, type and financial condition.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified, and cause each Subsidiary to qualify and remain qualified, as a foreign corporation in each jurisdiction in which qualification is necessary or desirable in view of its business and operations or the ownership of its properties,

except (i) in the case of any Subsidiary of the Borrower, where the failure of such Subsidiary to so preserve, maintain, qualify and remain qualified could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole; (ii) in the case of the Borrower, where the failure of the Borrower to preserve and maintain such rights, franchises and privileges and to so qualify and remain qualified could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole, (iii) the Borrower and its Subsidiaries may consummate any merger or consolidation permitted pursuant to Section 5.2(c), and (iv) the Borrower and any of its Subsidiaries may be converted into a limited liability company by statutory election; provided that any such conversion of the Borrower shall not affect its liabilities and obligations to the Banks pursuant to this Agreement.

Section 5.2 Negative Covenants. So long as any Note shall remain unpaid, any Advance shall remain outstanding or any Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Banks:

(a) Liens, Etc. Create, assume, incur or suffer to exist, or permit any of its Subsidiaries to create, assume, incur or suffer to exist, any Lien on or in respect of any of its property, whether now owned or hereafter acquired, or assign or otherwise convey, or permit any such Subsidiary to assign or otherwise convey, any right to receive income, in each case to secure or provide for the payment of any Debt of any Person, except, that the Borrower may create, incur, assume or suffer to exist Permitted Liens.

(b) Debt. Permit the ratio of (A) the aggregate amount of Net Debt of the Borrower to (B) the sum of the Consolidated Net Worth of the Borrower plus Net Debt of the Borrower to exceed 0.65 to 1.0 at any time.

(c) Merger and Sale of Assets. Merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, or permit any of its material Subsidiaries to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer all or substantially all of its assets, except that this Section 5.2(c) shall not prohibit:

(i) the Borrower and its Subsidiaries from selling, leasing or otherwise transferring their respective assets in the ordinary course of business;

(ii) any merger, consolidation or sale, lease or other transfer of assets involving only the Borrower and its Subsidiaries; provided, however, that transactions under this paragraph (ii) shall be permitted if, and only if, (x) there shall not exist or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default and (y) in the case of each transaction referred to in this paragraph (ii) involving the Borrower or any of its Subsidiaries, such transaction could not reasonably be expected to impair materially the ability of the Borrower to perform its obligations hereunder and under any Notes issued pursuant hereto and the Borrower shall continue to exist;

(iii) the Borrower and its Subsidiaries from selling, leasing or otherwise transferring their respective gathering assets and other production area facilities, or the stock of any Person substantially all of the assets of which are gathering assets and other production area facilities, to the Borrower or any Subsidiary of the Borrower for consideration that is not materially less than the net book value of such assets and facilities; provided, however, that transactions under this paragraph (iii) shall be permitted if, and only if, there shall not exist or such transaction shall not result in an Event of Default or an event which with notice or lapse of time or both would constitute an Event of Default; or

(iv) sales of receivables of any kind.

(d) Agreements to Restrict Dividends and Certain Transfers. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower (i) to pay, directly or indirectly, dividends or make any other distributions in respect of its capital stock or pay any Debt or other obligation owed to the Borrower or to any Subsidiary of the Borrower; or (ii) to make loans or advances to the Borrower or any Subsidiary of the Borrower, except (1) encumbrances and restrictions on any immaterial Subsidiary of the Borrower, (2) those encumbrances and restrictions existing on the date hereof, and (3) other customary encumbrances and restrictions now or hereafter existing of the Borrower or any of its Subsidiaries entered into in the ordinary course of business that are not more restrictive in any material respect than the encumbrances and restrictions with respect to the Borrower or its Subsidiaries existing on the date hereof.

(e) Loans and Advances Investments. Make or permit to remain outstanding, or allow any of its Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary, except that the Borrower and its Subsidiaries may permit to remain outstanding loans and advances to a WCG Subsidiary existing as of the date hereof and listed on Exhibit E hereof (and such WCG Subsidiaries may permit such loans and advances to remain outstanding). Except for those investments in existence on the date hereof and listed on Exhibit E hereof, the Borrower shall not, and shall not permit any of its Subsidiaries to, acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary.

(f) Maintenance of Ownership of Certain Subsidiaries. Sell, issue or otherwise dispose of, or create, assume, incur or suffer to exist any Lien on or in respect of, or permit any of its Subsidiaries to sell, issue or otherwise dispose of or create, assume, incur or suffer to exist any Lien on or in respect of, any shares of or any interest in any shares of the capital stock of or other ownership interests in (1) WPC, TGPL, TGT or NWP, or any of their respective material Subsidiaries or (2) any Subsidiary of the Borrower at the time it owns any shares of or any interest in any shares of the capital stock of or other ownership interests in WPC, TGPL, TGT or NWP or any of their respective material Subsidiaries; provided, however, that this Section 5.2(f) shall not prohibit the sale or other disposition of the stock of any Subsidiary of the Borrower to the Borrower or any Wholly-Owned Subsidiary of the Borrower if, but only if, (x) there shall not exist or result an Event of Default or an event which with notice or lapse of time or both would constitute an Event

of Default and (y) in the case of each sale or other disposition referred to in this proviso involving the Borrower or any of its Subsidiaries, such sale or other disposition could not reasonably be expected to impair materially the ability of the Borrower to perform its obligations hereunder and under the Notes and the Borrower shall continue to exist. Nothing herein shall be construed to permit the Borrower or any of its Subsidiaries to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by clause (e) of this Section 5.2.

(g) Compliance with ERISA. (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in any material liability of the Borrower or any ERISA Affiliate or any material Subsidiary (including any material WCG Subsidiary) to the PBGC, or (ii) permit to exist any occurrence of any Termination Event with respect to a Plan which would have a material adverse effect on the Borrower or any material Subsidiary (including any material WCG Subsidiary).

(h) Transactions with Related Parties. Make any sale to, make any purchase from, extend credit to, make payment for services rendered by, or enter into any other transaction with, or permit any material Subsidiary of the Borrower to make any sale to, make any purchase from, extend credit to, make payment for services rendered by, or enter into any other transaction with, any Related Party of the Borrower or of such Subsidiary unless as a whole such sales, purchases, extensions of credit, rendition of services and other transactions are (at the time such sale, purchase, extension of credit, rendition of services or other transaction is entered into) on terms and conditions reasonably fair in all material respects to the Borrower or such Subsidiary in the good faith judgment of the Borrower.

(i) Guarantees. After the date of this Agreement, enter into any agreement to guarantee or otherwise become contingently liable for, or permit any of its Subsidiaries to guarantee or otherwise become contingently liable for, Debt or any other obligation of any WCG Subsidiary or to otherwise insure a WCG Subsidiary against loss.

(j) Sale and Lease-Back Transactions. Enter into, or permit any of its Subsidiaries to enter into, any Sale and Lease-Back Transaction, if after giving effect thereto the Borrower would not be permitted to incur at least \$1.00 of additional Debt secured by a Lien permitted by paragraph (z) of Schedule III.

(k) Use of Proceeds. Use any proceeds of any Advance for any purpose other than general corporate purposes relating to the business of the Borrower and its Subsidiaries, excluding any WCG Subsidiary (including, without limitation, working capital and capital expenditures), or use any such proceeds in any manner which violates or results in a violation of law; provided, however, that no proceeds of any Advance will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, (other than any purchase of common stock of any corporation, if such purchase is not subject to Sections 13 and 14 of the Securities Exchange Act of 1934 and is not opposed, resisted or recommended against by such corporation or its management or directors, provided that the aggregate amount of common stock of any corporation (other than Apco Argentina Inc., a Cayman

Islands corporation) purchased during any calendar year shall not exceed 1% of the common stock of such corporation issued and outstanding at the time of such purchase) or in any manner which contravenes law, and no proceeds of any Advance will be used to purchase or carry any margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), except purchases by the Borrower of its capital stock if, after giving effect thereto, none of the Advances would constitute purpose credit within the meaning of such Regulation U. The Borrower may not use any Advance to make any loan or advance to, or own, purchase or acquire any obligations or debt securities of, any WCG Subsidiary or to acquire or otherwise invest in any stock or other equity or other ownership interest in a WCG Subsidiary.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.1 Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance or any Note executed by it when the same becomes due and payable, or shall fail to pay any interest on any Advance or on any Note or any fee or other amount to be paid by it hereunder within ten days after the same becomes due and payable; or

(b) Any certification, representation or warranty made by the Borrower herein or by the Borrower (or any officer of the Borrower) in writing under or in connection with this Agreement or any instrument executed in connection herewith (including, without limitation, representations and warranties deemed made pursuant to Section 3.2 or 3.3) shall prove to have been incorrect in any material respect when made or deemed made; or

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5. 1 (b) on its part to be performed or observed and such failure shall continue for ten Business Days after the earlier of the date notice thereof shall have been given to the Borrower by the Agent or any Bank or the date the Borrower shall have knowledge of such failure, or (ii) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in Section 5. 1 (b)) or any Note on its part to be performed or observed and such failure shall continue for five Business Days after the earlier of the date notice thereof shall have been given to the Borrower by the Agent or any Bank or the date the Borrower shall have knowledge of such failure; or

(d) The Borrower or any Subsidiary of the Borrower shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least \$60,000,000 in the aggregate (excluding Debt incurred pursuant to any Advance) of the Borrower and/or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such

Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment or as required pursuant to an illegality event of the type set forth in Section 2.12), prior to the stated maturity thereof; provided, however, that the provisions of this Section 6.1(d) shall not apply to any Non-Recourse Debt of any Subsidiary of the Borrower which is a Non-Borrowing Subsidiary as defined in and pursuant to the Multiyear Williams Credit Agreement; or

(e) The Borrower or any material Subsidiary of the Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any material Subsidiary of the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), shall remain undismitted or unstayed for a period of 60 days; or the Borrower or any material Subsidiary of the Borrower shall take any action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$60,000,000 shall be rendered against the Borrower or any material Subsidiary of the Borrower and remain unsatisfied and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any Termination Event with respect to a Plan shall have occurred and, 30 days after notice thereof shall have been given to the Borrower by the Agent, (i) such Termination Event shall still exist and (ii) the sum (determined as of the date of occurrence of such Termination Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which a Termination Event shall have occurred and then exist (or in the case of a Plan with respect to which a Termination Event described in clause (ii) of the definition of Termination Event shall have occurred and then exist, the liability related thereto) is equal to or greater than \$75,000,000; or

(h) The Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date of such notification), exceeds \$75,000,000 in the aggregate or requires payments exceeding \$50,000,000 per annum; or

(i) The Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years which include the date hereof by an amount exceeding \$75,000,000;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of Banks owed more than 50% in principal amount of the A Advances then outstanding or, if no A Advances are then outstanding, Banks having more than 50% of the principal amount of the Commitments, by notice to the Borrower, declare all of the Commitments and the obligation of each Bank to make Advances to be terminated, whereupon all of the Commitments and each such obligation shall forthwith terminate, and (ii) shall at the request, or may with the consent, of Banks owed more than 50% in principal amount of the A Advances then outstanding or if no A Advances are then outstanding, Banks having more than 50% of the principal amount of the Commitments, or, if no A Notes are then outstanding and all Commitments have terminated, the Banks owed more than 50% in principal amount of the B Advances then outstanding, by notice to the Borrower, declare the principal of the Advances, all interest thereon and all other amounts payable by the Borrower under this Agreement to be forthwith due and payable, whereupon such principal of the Advances, such interest and all such amounts shall become and be forthwith due and payable, without requirement of any presentment, demand, protest, notice of intent to accelerate, further notice of acceleration or other further notice of any kind (other than the notice expressly provided for above), all of which are hereby expressly waived by the Borrower; provided, however, that in the event of any Event of Default described in Section 6.1(e), (A) the obligation of each Bank to make Advances shall automatically be terminated and (B) the principal of the Advances outstanding, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived by the Borrower. For purposes of this Section 6.1, any Advance owed to an SPC shall be deemed to be owed to its Designating Bank.

ARTICLE VII

THE AGENT, CO-SYNDICATION AGENTS AND DOCUMENTATION AGENT

Section 7.1 Authorization and Action. Each Bank hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement of the terms of this Agreement or collection of the principal of, and interest on the Advances, fees and any other amounts due and payable pursuant to this Agreement), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Banks owed more than 50% of the principal amount of the A Advances then outstanding or, if no A Advances are then outstanding, Banks having more than 50% of the Commitments (or, if no A Advances are then outstanding and all Commitments have terminated, upon the instructions of Banks owed more than 50% of the principal amount of the B Advances then outstanding), and such instructions shall be binding upon all Banks; provided, however, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to any Note, this Agreement or applicable law. The Agent agrees to give to each Bank prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

Section 7.2 Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat a Bank as the obligee of any Advance or, if applicable, the payee of any Note until the Agent receives and accepts a Transfer Agreement executed by the Borrower (if required pursuant to Section 8.6), the Bank which is the assignor Bank, and the assignee in accordance with the last sentence of Section 8.6(a); (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto (including a Note requested by a Bank, delivered to a Bank pursuant to Section 8.6 or otherwise held by a Bank); and (vi) shall incur no liability under or in respect of any, Note or this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

Section 7.3 Citibank, Chase, Commerzbank, Credit Lyonnais. With respect to its Commitments, the Advances made by it and the Notes, if any, issued to it, Citibank shall have the same rights and powers under such Note and this Agreement as any other Bank and may exercise the same as though it was not the Agent; with respect to its Commitments, the Advances made by it and the Notes, if any, issued to it, each of Chase, Commerzbank and Credit Lyonnais shall have the rights and powers under any Note and this Agreement as any other Bank and may exercise the same as though it was not a Co-Syndication Agent or Documentation Agent, as the case may be. The term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each of Citibank, Chase, Commerzbank and Credit Lyonnais in its individual capacity. Citibank, Chase, Commerzbank and Credit Lyonnais and the respective affiliates of each may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any Subsidiary of the Borrower, any Person who may do business with or own, directly or indirectly, securities of the Borrower or any such Subsidiary and any other Person, all as if Citibank were not the Agent and Credit Lyonnais and Commerzbank were not the Co-Syndication Agents and Credit Lyonnais were not the Documentation Agent without any duty to account therefor to the Banks.

Section 7.4 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent, any Co-Syndication Agent, the Documentation Agent, the Arranger or any other Bank and based on the financial statements referred to in Section 4.1(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent, any Co-Syndication Agent, the Documentation Agent, the Arranger or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under any Note or this Agreement.

Section 7.5 Indemnification. The Banks agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the A Advances then owed to each of them (or if no A Advances are at the time outstanding or if any A Advances are held by Persons which are not Banks, ratably according to either (i) the respective amounts of their Commitments, or (ii) if all Commitments have terminated, the respective amounts of the Commitments immediately prior to the time the Commitments terminated), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Bank shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agents gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or

legal advice in respect of rights or responsibilities under this Agreement to the extent that the Agent is not reimbursed for such expenses by the Borrower.

Section 7.6 Successor Agent. The Agent may resign at any time as Agent under this Agreement by giving written notice thereof to the Banks and the Borrower and may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint, with the consent the Borrower (which consent shall not be unreasonably withheld and shall not be required if an Event of Default exists), a successor Agent from among the Banks. If no successor Agent shall have been so appointed by the Majority Banks with such consent, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Agent, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a Bank which is a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent under this Agreement by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and shall function as the Agent under this Agreement, and the retiring Agent shall be discharged from its duties and obligations as Agent under this Agreement. After any retiring Agents resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

Section 7.7 Co-Syndication Agents; Documentation Agent. The Co-Syndication Agents and the Documentation Agent have no duties or obligations under this Agreement. None of the Co- Syndication Agents or the Documentation Agent shall have, by reason of this Agreement or the Notes, a fiduciary relationship in respect of any Bank or the holder of any Note, and nothing in this Agreement or the Notes, express or implied, is intended or shall be so construed to impose on any of the Co-Syndication Agents or the Documentation Agent any obligation in respect of this Agreement or the Notes.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Banks, do any of the following: (a) waive any of the conditions specified in Article III, (b) increase the Commitments of the Banks or subject the Banks to any additional obligations, (c) reduce the principal of, or interest on, the outstanding Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the

outstanding Advances or any fees or other amounts payable hereunder, (e) take any action which requires the signing of all the Banks pursuant to the terms of this Agreement, (f) change the definition of Majority Banks or otherwise change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Advances or B Advances, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Agreement, or (g) amend this Section 8.1; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Banks required above to take such action, affect the rights or duties of the Agent under any Note or this Agreement.

Section 8.2 Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopy, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to any Bank, as specified opposite its name on Schedule I hereto or specified pursuant to Section 8.6(a); if to the Borrower, as specified opposite its name on Schedule II hereto; and if to Citibank, as Agent, to its address at 399 Park Avenue, New York, New York 10043, (telecopier number: (302) 894-6120), Attention: Bilal Aman, with a copy to Citicorp North America, Inc., 1200 Smith Street, Suite 2000, Houston, Texas 77002 (telecopier number: (713) 654-2849; telex number 127001 (Attn: Route Code HOUAA)), Attention: The Williams Companies, Inc. Account Officer, or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when received in the mail, sent by telecopier to any party to the telecopier number as set forth herein or on Schedule I or Schedule II or specified pursuant to Section 8.6(a) (or other telecopy number specified by such party in a written notice to the other parties hereto), delivered to the telegraph company, telexed to any party to the telex number set forth herein or on Schedule I or Schedule II or specified pursuant to Section 8.6(a) (or other telex number designated by such party in a written notice to the other parties hereto), confirmed by telex answerback, or delivered to the cable company, respectively, except that notices and communications to the Agent shall not be effective until received by the Agent. Any notice or communication to a Bank shall be deemed to be a notice or communication to any SPC designated by such Bank and no further notice to an SPC shall be required. Delivery by telecopier of an executed counterpart of this Agreement or of any amendment or waiver of any provision of this Agreement or any Schedule or Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

Section 8.3 No Waiver; Remedies. No failure on the part of any Bank or the Agent to exercise, and no delay in exercising, any right under any Note or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

Section 8.4 Costs and Expenses. (a)(i) The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Arranger and the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement,

the Notes, if any, and the other documents to be delivered under this Agreement, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement and any Note, and (ii) the Borrower agrees to pay on demand all costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses, which may include allocated costs of in-house counsel), of the Agent and each Bank in connection with the enforcement (whether before or after the occurrence of an Event of Default and whether through negotiations (including formal workouts or restructurings), legal proceedings or otherwise) against the Borrower of any Note of the Borrower or this Agreement and the other documents to be delivered by the Borrower under this Agreement.

(b) If any payment (or purchase pursuant to Section 2.11(c)) of principal of, or Conversion of, any Eurodollar Rate Advance or B Advance made to the Borrower is made other than on the last day of an Interest Period relating to such Advance (or in the case of a B Advance, other than on the original scheduled maturity date thereof), as a result of a payment pursuant to Section 2.10 or 2.12 or acceleration of the maturity of the Advances pursuant to Section 6.1 or for any other reason or as a result of any purchase pursuant to Section 2.11(c) or any Conversion, the Borrower shall, upon demand by any Bank (with a copy of such demand to the Agent), pay to the Agent for the account of such Bank any amounts required to compensate such Bank for any additional losses, costs or expenses which it may reasonably incur as a result of any such payment, purchase or Conversion, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such Advance.

(c) The Borrower agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Agent, the Co-Syndication Agents, the Documentation Agent, the Arranger and each Bank and each of their respective directors, officers, employees and agents from and against any and all claims, damages, liabilities and out-of-pocket expenses (including, without limitation, reasonable fees and disbursements of counsel) for which any of them may become liable or which may be incurred by or asserted against the Agent, the Co-Syndication Agents, the Documentation Agent, the Arranger or such Bank or any such director, officer, employee or agent (other than by another Bank or any successor or assign of another Bank), in each case in connection with or arising out of or by reason of any investigation, litigation, or proceeding, whether or not any of the Agent, the Co-Syndication Agents, the Documentation Agent, the Arranger, such Bank or any such director, officer, employee or agent is a party thereto, arising out of, related to or in connection with this Agreement or any transaction in which any proceeds of all or any part of the Advances are applied (other than any such claim, damage, liability or expense to the extent attributable to the gross negligence or willful misconduct of, or violation of any law or regulation by, either the party seeking indemnity under this Section 8.4(c) or any of its directors, officers, employees or agents).

Section 8.5 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.1 to authorize the Agent to declare the Advances due and payable pursuant to the provisions of Section 6.1, each Bank is hereby authorized at any time and from time to time, to the

fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Notes, if any, held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such Notes and although such obligations may be unmatured. Each Bank agrees promptly to notify the Borrower after such set-off and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Bank may have.

Section 8.6 Binding Effect; Transfers. (a) This Agreement shall become effective when it shall have been executed by the Borrower, the Co-Syndication Agents, the Documentation Agent and the Agent and when each Bank listed on the signature pages hereof has delivered an executed counterpart hereof to the Agent, has sent to the Agent a facsimile copy of its signature hereon or has notified the Agent that such Bank has executed this Agreement and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Bank and their respective successors and assigns; provided that the Borrower shall not have the right to assign any of its rights hereunder or any interest herein without the prior written consent of all of the Banks. Each Bank may assign to one or more banks, financial institutions or government entities all or any part of, or may grant participations to one or more banks, financial institutions or government entities in or to all or any part of, any Advance or Advances owing to such Bank, any Note or Notes held by such Bank and all or any portion of such Bank's Commitments, and to the extent of any such assignment or participation (unless otherwise stated therein), the assignee or purchaser of such assignment or participation shall, to the fullest extent permitted by law, have the same rights and benefits hereunder and under such Note or Notes as it would have if it were such Bank hereunder; provided that, except in the case of an assignment meeting the requirements of the next sentence hereof, (1) (i) such Bank's obligations under this Agreement, including, without limitation, its Commitment hereunder, shall remain unchanged, (ii) such Bank shall remain responsible for the performance thereof, (iii) such Bank shall remain the holder of any such Note or Notes for all purposes under this Agreement, and (iv) the Borrower, the other Banks and the Agent shall continue to deal solely with and directly with such Bank in connection with such Bank's rights and obligations under this Agreement; and (2) no Bank shall assign or grant a participation that conveys to the assignee or participant the right to vote or consent under this Agreement, other than the right to vote upon or consent to (i) any increase in the amount of any Commitment of such Bank; (ii) any reduction of the principal amount of, or interest to be paid on, such Bank's Advance or Advances; (iii) any reduction of any fee or other amount payable hereunder to such Bank; or (iv) any postponement of any date fixed for any payment of principal of, or interest on, such Bank's Advance or Advances or Note or Notes or any fee or other amount payable hereunder to such Bank.

If (I) the assignee of any Bank either (1) is another Bank or is an affiliate of a Bank or (2) is approved in writing by the Agent and the Borrower or (3) is approved in writing by the Agent and an Event of Default exists and (II) such assignee assumes all or any portion (which portion shall be a constant, and not a varying, percentage, and the amount of the Commitment assigned, whether all

or a portion, shall be in a minimum amount of \$10,000,000 or such lesser amount as shall represent the entire remaining interest of such assigning Bank or as may be otherwise approved in writing by the Agent and the Borrower for such assignment) of the Commitment of such assigning Bank by executing a document in the form of Exhibit F (or with such changes thereto as have been approved in writing by the Agent in its sole discretion as evidenced by its execution thereof) duly executed by the Agent, the Borrower (unless an Event of Default exists or the Borrower has relinquished the right to approve the assignment pursuant to Section 8.6(b)), such assigning Bank and such assignee and delivered to the Agent ("Transfer Agreement"), then upon such delivery, (i) such assigning Bank shall be released from its obligations under this Agreement with respect to all or such portion, as the case may be, of its Commitments; (ii) such assignee shall become obligated for all or such portion, as the case may be, of such Commitments and all other obligations of such assigning Bank hereunder with respect to or arising as a result of all or such portion, as the case may be, of such Commitments; (iii) such assignee shall be assigned the right to vote or consent under this Agreement, to the extent of all or such portion, as the case may be, of such Commitments; (iv) the Borrower shall deliver, in replacement of any A Note of the Borrower then outstanding which may have been executed to the order of such assigning Bank or as may be requested by the assignee or the assigning Bank (a) to such assignee upon its request or as required by Section 2.9, a new A Note of the Borrower in the amount of the Commitment of such assigning Bank which is being so assumed by such assignee plus, in the case of any assignee which is already a Bank hereunder, the amount of such assignee's Commitment immediately prior to such assignment (any such assignee which is already a Bank hereunder agrees to mark "Exchanged" and return to the Borrower, with reasonable promptness following the delivery of such new A Note, the A Note being replaced thereby, if any), (b) to such assigning Bank upon its request or as required by Section 2.9, a new A Note in the amount of the balance, if any, of the Commitment of such assigning Bank to the Borrower (without giving effect to any B Reduction) retained by such assigning Bank (and such assigning Bank agrees to mark "Exchanged" and return to the Borrower, with reasonable promptness following delivery of such new A Notes, the A Note being replaced thereby), and (c) to the Agent, photocopies of such new A Notes, if any; (v) if such assignment is of all of such assigning Bank's Commitment, all of the outstanding A Advances made by such assigning Bank shall be transferred to such assignee; (vi) if such assignment is not of all of such Commitments, a part of each A Advance to the Borrower equal to the amount of such Advance multiplied by a fraction, the numerator of which is the amount of such portion of such assigning Bank's Commitment so assumed and the denominator of which is the amount of the Commitment of such assigning Bank (without giving effect to any B Reduction) immediately prior to such assumption, shall be transferred to such assignee and evidenced by such assignee's A Note from the Borrower, if requested or required by Section 2.9, and the balance of such A Advance shall be evidenced by such assigning Bank's new A Note, if any, from the Borrower delivered pursuant to clause (iv)(b) of this sentence; (vii) if such assignee is not a "Bank" hereunder prior to such assignment, such assignee shall become a party to this Agreement as a Bank and shall be deemed to be a "Bank" hereunder and the amount of all or such portion, as the case may be, of the Commitment so assumed shall be deemed to be the amount set opposite such assigning Bank's name on Schedule IV for purposes of this Agreement and (viii) if such assignee is not a Bank hereunder prior to such assignment, such assignee shall be deemed to have specified the offices of such assignee named in the respective Transfer Agreement as its "Domestic Lending Office" and "Eurodollar Lending Office" for all

purposes of this Agreement and to have specified for purposes of Section 8.2 the notice information set forth in such Transfer Agreement; and the Agent shall promptly after execution of any Transfer Agreement by the Agent and the other parties thereto notify the Banks of the parties to such Transfer Agreement and the amounts of the assigning Bank's Commitment assumed thereby.

(b) [Intentionally Blank]

(c) The Borrower agrees to promptly execute the Transfer Agreement pertaining to any assignment as to which approval by the Borrower of the assignee is not required by clause (I) of the last paragraph of Section 8.6(a).

(d) Notwithstanding anything to the contrary contained herein, any Bank (a "Designating Bank") with the consent of the Agent and, if no Event of Default has occurred and is continuing, the Borrower may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Designating Bank to the Agent and the Borrower, the option to fund all or any part of any A Advance that such Designating Bank is obligated to fund pursuant to this Agreement or to fund all or part of any B Advance to the Borrower pursuant to Section 2.16 which the Designating Bank has agreed to make; provided that, no Designating Bank shall have granted at any one time such option to more than one SPC and further provided that (i) such Designating Bank's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Designating Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Agent and the other Banks shall continue to deal solely and directly with such Designating Bank in connection with such Designating Bank's rights and obligations under this Agreement, (iv) any such option granted to an SPC shall not constitute a commitment by such SPC to fund any Advance, and (v) neither the grant nor the exercise of such option to an SPC shall increase the costs or expenses or otherwise increase or change the obligations of the Borrower under this Agreement (including, without limitation, its obligations under Section 2.14). The making of an Advance by an SPC hereunder shall utilize the Commitment of the Designating Bank to the same extent, and as if, such Advance were made by such Designating Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement to the extent that any such indemnity or similar payment obligations shall have been paid by its Designating Bank. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States. In addition, notwithstanding anything to the contrary contained in this Section 8.6, an SPC may not assign its interest in any Advance except that, with notice to, but without the prior written consent of, the Borrower and the Agent and without paying any processing fee therefor, such SPC may assign all or a portion of its interests in any Advances to the Designating Bank or to any financial institutions (consented to by the Borrower and Agent), providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Advances. Each Designating Bank shall serve as the agent of its SPC and shall on behalf of its SPC: (i) receive any

and all payments made for the benefit of such SPC and (ii) give and receive all communications and notices, and vote, approve or consent hereunder, and take all actions hereunder, including, without limitation, votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver, consent or amendment shall be signed by the Designating Bank for the SPC and need not be signed by such SPC on its own behalf. The Borrower, the Agent and the Banks may rely thereon without any requirement that the SPC sign or acknowledge the same or that notice be delivered to the Borrower. This section may not be amended without the written consent of any SPC, which shall have been identified to the Agent and the Borrower.

(e) Any Bank may assign, as collateral or otherwise, any of its rights (including, without limitation, rights to payments of principal of and/or interest on the Advances) under this Agreement or any of the Advances to any Federal Reserve Bank without notice to or consent of the Borrower or the Agent.

Section 8.7 Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 8.8 Interest. It is the intention of the parties hereto that the Agent and each Bank shall conform strictly to usury laws applicable to it, if any. Accordingly, if the transactions with the Agent or any Bank contemplated hereby would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary in this Agreement or any other agreement entered into in connection with or as security for this Agreement, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received by the Agent or such Bank, as the case may be, under the Notes, this Agreement or under any other agreement entered into in connection with or as security for this Agreement or the Notes shall under no circumstances exceed the maximum amount allowed by such applicable law and any excess shall be canceled automatically and, if theretofore paid, shall at the option of the Agent or such Bank, as the case may be, be credited by the Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Agent or such Bank, as the case may be, by the Borrower or refunded by the Agent or such Bank, as the case may be, to the Borrower, and (ii) in the event that the maturity of any Note or other obligation payable to the Agent or such Bank, as the case may be, is accelerated or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to the Agent or such Bank, as the case may be, may never include more than the maximum amount allowed by such applicable law and excess interest, if any, to the Agent or such Bank, as the case may be, provided for in this Agreement or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall, at the option of the Agent or such Bank, as the case may be, be credited by the Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Agent or such Bank, as the case may be, by the Borrower or refunded by the Agent or such Bank, as the case may be, to the Borrower.

Section 8.9 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so

executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 8.10 Survival of Agreements, Representations and Warranties, Etc. All warranties, representations and covenants made by the Borrower or any officer of the Borrower herein or in any certificate or other document delivered in connection with this Agreement shall be considered to have been relied upon by the Banks and shall survive the issuance and delivery of the Notes, if any, and the making of the Advances regardless of any investigation. The indemnities and other payment obligations of the Borrower set forth in Sections 2.11, 2.14 and 8.4, and the indemnities by the Banks in favor of the Agent and its officers, directors, employees and agents, will survive the repayment of the Advances and the termination of this Agreement.

Section 8.11 Borrower's Right to Apply Deposits. In the event that any Bank is placed in receivership or enters a similar proceeding, the Borrower may, to the full extent permitted by law, make any payment due to such Bank hereunder, to the extent of finally collected unrestricted deposits of the Borrower in U.S. dollars held by such Bank, by giving notice to the Agent and such Bank directing such Bank to apply such deposits to such indebtedness. If the amount of such deposits is insufficient to pay such indebtedness then due and owing in full, the Borrower shall pay the balance of such insufficiency in accordance with this Agreement.

Section 8.12 Confidentiality. Each Bank agrees that it will not disclose without the prior consent of the Borrower (other than to employees, auditors, accountants, counsel or other professional advisors of the Agent or any Bank) any information with respect to the Borrower or its Subsidiaries, (which term shall be deemed to include the WCG Subsidiaries for purposes of this Section 8.12), which is furnished pursuant to this Agreement and which (i) the Borrower in good faith considers to be confidential and (ii) is either clearly marked confidential or is designated by the Borrower to the Agent or the Banks in writing as confidential, provided that any Bank may disclose any such information (a) as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to or required by any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Bank or submitted to or required by the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in response to any summons or subpoena in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Bank, (e) to the prospective transferee or grantee in connection with any contemplated transfer of any of the Commitments or Advances or any interest therein by such Bank or the grant of an option to an SPC to fund any Advance, provided that such prospective transferee executes an agreement with or for the benefit of the Borrower containing provisions substantially identical to those contained in this Section 8.12, and provided further that if the contemplated transfer is a grant of a participation in a Note (and not an assignment), no such information shall be authorized to be delivered to such participant pursuant to this clause (e) except (i) such information delivered pursuant to Section 4.1(e) or Section 5.1(b) (other than paragraph (iv) thereof) and if the contemplated transfer is a grant of an option to fund Advances to an SPC pursuant to Section 8.6(d), such SPC may disclose, on a confidential bases, any non-public information relating to Advances

funded by it to any rating agency, commercial paper dealer or provider of any surety, guaranty or credit or liquidity enhancement to such SPC, and (ii) if prior notice of the delivery thereof is given to the Borrower, such information as may be required by law or regulation to be delivered, (f) in connection with the exercise of any remedy by such Bank following an Event of Default pertaining to this Agreement, any of the Notes or any other document delivered in connection herewith, (g) in connection with any litigation involving such Bank pertaining to this Agreement, any of the Notes or any other document delivered in connection herewith, (h) to any Bank or the Agent, or (i) to any affiliate of any Bank, provided that such affiliate executes an agreement with or for the benefit of the Borrower containing provisions substantially identical to those contained in this Section 8.12.

Section 8.13 WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT, THE CO-SYNDICATION AGENTS, THE DOCUMENTATION AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY NOTE OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.14 Miscellaneous. This Agreement shall become effective in accordance with the first sentence of Section 8.6(a).

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

BORROWER:

THE WILLIAMS COMPANIES, INC.

By:

Name: James G. Ivey
Title: Treasurer

S-1

AGENT:

CITIBANK, N.A., as Agent

By:

Authorized Officer

CO-SYNDICATION AGENTS:

THE CHASE MANHATTAN BANK, as Co-Syndication Agent

By:

Authorized Officer

COMMERZBANK AG, as Co-Syndication Agent

By:

Authorized Officer

By:

Authorized Officer

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH, as Documentation Agent

By:

Authorized Officer

S-2

BANKS:

CITIBANK, N.A.

By:

Authorized Officer

S-3

THE BANK OF NOVA SCOTIA

By:

Authorized Officer

S-4

BANK OF AMERICA, N.A.

By:

Authorized Officer

S-5

BANK ONE, NA (CHICAGO)

By:

Authorized Officer

S-6

THE CHASE MANHATTAN BANK

By:

Authorized Officer

S-7

COMMERZBANK AG

NEW YORK AND GRAND CAYMAN
BRANCHES

By: -----
Authorized Officer

By: -----
Authorized Officer

S-8

CREDIT LYONNAIS NEW YORK BRANCH

By:

Authorized Officer

S-9

THE FUJI BANK, LIMITED

By:

Authorized Officer

S-10

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: _____
Name: _____
Title: _____

NATIONAL WESTMINSTER BANK PLC
NASSAU BRANCH

By: _____
Name: _____
Title: _____

S-11

ABN AMRO BANK, N.V.

By: -----
Authorized Officer

By: -----
Authorized Officer

S-12

BANK OF MONTREAL

By:

Authorized Officer

S-13

THE BANK OF NEW YORK

By:

Authorized Officer

S-14

BARCLAYS BANK PLC

By:

Authorized Officer

S-15

CIBC INC.

By:

Authorized Officer

S-16

CREDIT SUISSE FIRST BOSTON

By: -----
Authorized Officer

By: -----
Authorized Officer

S-17

ROYAL BANK OF CANADA

By:

Authorized Officer

S-18

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By:

Authorized Officer

S-19

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: -----
Authorized Officer

S-20

SOCIETE GENERALE, SOUTHWEST AGENCY

By:

Authorized Officer

S-21

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY

By: -----
Authorized Officer

S-22

TORONTO DOMINION (TEXAS), INC.

By:

Authorized Officer

S-23

UBS AG, STAMFORD BRANCH

By: -----
Authorized Officer

By: -----
Authorized Officer

S-24

WELLS FARGO BANK TEXAS, N.A.

By:

J. Alan Alexander, Jr.
Vice President

S-25

WESTDEUTSCHE LANDESBANK GIROZENTRALE,
NEW YORK BRANCH

By: -----
Authorized Officer

By: -----
Authorized Officer

S-26

CREDIT AGRICOLE INDOSUEZ

By: -----
Authorized Officer

By: -----
Authorized Officer

S-27

SUNTRUST BANK

By: -----
Authorized Officer

By: -----
Authorized Officer

S-28

THE DAI-ICHI KANGYO BANK, LTD.

By:

Authorized Officer

S-29

ARAB BANKING CORPORATION (B.S.C.)

By:

Authorized Officer

S-30

BANK OF CHINA, NEW YORK BRANCH

By: -----
Authorized Officer

By: -----
Authorized Officer

S-31

BANK OF OKLAHOMA, N.A.

By: -----
Authorized Officer

S-32

BNP PARIBAS, HOUSTON AGENCY

By: -----
Authorized Officer

By: -----
Authorized Officer

S-33

DG BANK DEUTSCHE
GENNOSENSCHAFTSBANK AG

By: -----
Authorized Officer

By: -----
Authorized Officer

S-34

KBC BANK N.V.
NEW YORK BRANCH

By: -----
Authorized Officer

S-35

THE SUMITOMO BANK, LIMITED

By:

Authorized Officer

S-36

COMMERCE BANK, N.A.

By: -----
Authorized Officer

S-37

RZB FINANCE LLC

By:

Authorized Officer

S-38

SCHEDULE I
 APPLICABLE LENDING OFFICES

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Citibank N.A.	Citibank N.A. 399 Park Avenue New York, New York 10043 Notices: Citibank, N.A. 399 Park Avenue New York, New York 10043 Telecopier: (212) 527-1084 Telex: None Attn: Christine Grundel Dept: Medium Term Finance with copies to: Citicorp North America, Inc. 1200 Smith Street, Suite 2000 Houston, Texas 77002 Telecopier: (713) 654-2849 Telex: 127001 (Attn. Route Code HOUAA) Attn: The Williams Companies, Inc. Account Officer	Citibank N.A. 399 Park Avenue New York, New York 10043 Notices: Citibank, N.A. 399 Park Avenue New York, New York 10043 Telecopier: (212) 527-1084 Telex: None Attn: Christine Grundel Dept: Medium Term Finance with copies to: Citicorp North America, Inc. 1200 Smith Street, Suite 2000 Houston, Texas 77002 Telecopier: (713) 654-2849 Telex: 127001 (Attn. Route Code HOUAA) Attn: The Williams Companies, Inc. Account Officer
The Bank of Nova Scotia	The Bank of Nova Scotia 600 Peachtree Street, N.E., Suite 2700 Atlanta, Georgia 30308 Telecopier: (404) 888-8998 Telex: 00542319 Attn: Robert L. Ahern with copy to: 1100 Louisiana, Suite 3000 Houston, Texas 77002 Telecopier: (713) 752-2425 Telephone: (713) 759-3440 Attn:	The Bank of Nova Scotia 600 Peachtree Street, N.E., Suite 2700 Atlanta, Georgia 30308 Telecopier: (404) 888-8998 Telex: 00542319 Attn: Robert L. Ahern with copy to: 1100 Louisiana, Suite 3000 Houston, Texas 77002 Telecopier: (713) 752-2425 Telephone: (713) 759-3440 Attn:

Schedule I-1

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Bank of America, N.A.	Bank of America, N.A. 901 Main Street, 14th Floor Dallas, Texas 75202 Telecopier: (214) 209-9415 Telephone: (214) 209-1225 Attn: Brandi Baker	Bank of America, N.A. 901 Main Street, 14th Floor Dallas, Texas 75202 Telecopier: (214) 209-9415 Telephone: (214) 209-1225 Attn: Brandi Baker
	with copy to: Bank of America 333 Clay Street, Suite 4550 Houston, Texas 77002 Telecopier: (713) 651-4807 Telephone: (713) 651-4855 Attn: Claire Liu	with copy to: Bank of America 333 Clay Street, Suite 4550 Houston, Texas 77002 Telecopier: (713) 651-4807 Telephone: (713) 651-4855 Attn: Claire Liu
Bank One, NA (Chicago)	Bank One, NA 1 Bank One Plaza 0634, 1FNP, 10 Chicago, Illinois 60670 Telephone: (312) 732-5219 Telecopier: (312) 732-4840 Attn:	Bank One, NA 1 Bank One Plaza IL 1 0634 Chicago, Illinois 60670 Telephone: Telecopier: Attn:
The Chase Manhattan Bank	The Chase Manhattan Bank 270 Park Avenue, 21st Floor New York, New York 10017 Telecopier: (212) 270-3897 Telephone: (212) 270-4676 Attn: Peter Ling	The Chase Manhattan Bank 270 Park Avenue, 21st Floor New York, New York 10017 Telecopier: (212) 270-3897 Telephone: (212) 270-4676 Attn: Peter Ling
Commerzbank AG, New York and Grand Cayman Branches	Commerzbank AG, Atlanta Agency 1230 Peachtree St., NE Suite 3500 Atlanta, Georgia 30309 Telecopier: (404) 888-6539 Telephone: (404) 888-6518 Attn: Brian Campbell, Vice President email: bcampbell@cbkna.com	Commerzbank AG, Atlanta Agency 1230 Peachtree St., NE Suite 3500 Atlanta, Georgia 30309 Telecopier: (404) 888-6539 Telephone: (404) 888-6518 Attn: Brian Campbell, Vice President email: bcampbell@cbkna.com
Credit Lyonnais New York Branch	Credit Lyonnais New York Branch 1301 Avenue of the Americas New York, New York 10019 Telecopier: (713) 759-9766 Telephone: (713) 751-0500 Attn: Bernadette Archie	Credit Lyonnais New York Branch 1301 Avenue of the Americas New York, New York 10019 Telecopier: (713) 759-9766 Telephone: (713) 751-0500 Attn: Bernadette Archie

Schedule I-2

364-Day Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
The Fuji Bank, Limited	The Fuji Bank, Limited 2 World Trade Center, 79th Floor New York, New York 10048 Telecopier: (212) 488-8216 Telephone: (212) 898-2099 Attn: Tina Catapano	The Fuji Bank, Limited 2 World Trade Center, 79th Floor New York, New York 10048 Telecopier: (212) 488-8216 Telephone: (212) 898-2099 Attn: Tina Catapano
National Westminster Bank	National Westminster Bank PLC New York Branch 65 East 55th Street, 24th Floor New York, New York 10022 Telecopier: (212) 401-1406 Telephone: (212) 401-1494 Attn: Sheila Shaw with copies to: Greenwich NatWest 600 Travis Street., Suite 6070 Houston, Texas 77002 Telecopier: (713) 221-2430 Telephone: (713) 221-2429 Attn: Kristi DeMaiolo	National Westminster Bank PLC Nassau Branch 65 East 55th Street, 24th Floor New York, New York 10022 Telecopier: (212) 401-1406 Telephone: (212) 401-1494 Attn: Sheila Shaw with copies to: Greenwich NatWest 600 Travis Street, Suite 6070 Houston, Texas 77002 Telecopier: (713) 221-2430 Telephone: (713) 221-2429 Attn: Kristi DeMaiolo
ABN AMRO Bank, N.V.	ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5157 Telephone: (312) 992-5152 Attn: Loan Administration with copies to: ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5111 Telephone: (312) 992-5110 Attn: Connie Podgorny	ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5157 Telephone: (312) 992-5152 Attn: Loan Administration with copies to: ABN AMRO Bank, N.V. 208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Telecopier: (312) 992-5111 Telephone: (312) 992-5110 Attn: Connie Podgorny
Bank of Montreal	Bank of Montreal 115 S. LaSalle Street, 11th Floor Chicago, Illinois 60603 Telecopier: (312) 750-6061 Telephone: (312) 750-3771 Attn: Keiko Kuze	Bank of Montreal 115 S. LaSalle Street, 11th Floor Chicago, Illinois 60603 Telecopier: (312) 750-6061 Telephone: (312) 750-3771 Attn: Keiko Kuze

Schedule I-3

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
The Bank of New York	The Bank of New York One Wall St., 19th Floor New York, New York 10286 Telecopier: (212) 635-7923 Telephone: (212) 635-7834 Attn: Raymond Palmer	The Bank of New York One Wall St., 19th Floor New York, New York 10286 Telecopier: (212) 635-7923 Telephone: (212) 635-7834 Attn: Raymond Palmer
Barclays Bank PLC	Barclays Bank PLC - New York Branch 222 Broadway, 11th Floor New York, New York 10038 Telecopier: (212) 412-5308 Telephone: (212) 412-3702 Attn: David Barton	Barclays Bank PLC - New York Branch 222 Broadway, 11th Floor New York, New York 10038 Telecopier: (212) 412-5308 Telephone: (212) 412-3702 Attn: David Barton
CIBC Inc.	CIBC Inc. Two Paces West 2727 Paces Ferry Road, Suite 1200 Atlanta, Georgia 30339 Telecopier: (770) 319-4950 Telephone: (770) 319-4828 Attn: Anita Rounds with a copy to: 1600 Smith, Suite 3000 Houston, Texas 77002 Telecopier: (713) 650-3727 Telephone: (713) 650-2588 Attn: Mark H. Wolf	CIBC Inc. Two Paces West 2727 Paces Ferry Road, Suite 1200 Atlanta, Georgia 30339 Telecopier: (770) 319-4950 Telephone: (770) 319-4828 Attn: Anita Rounds with a copy to: 1600 Smith, Suite 3000 Houston, Texas 77002 Telecopier: (713) 650-3727 Telephone: (713) 650-2588 Attn: Mark H. Wolf
Credit Suisse First Boston	Credit Suisse First Boston 11 Madison Avenue New York, New York 10010 Telecopier: (212) 335-0593 Telephone: (212) 322-1384 Attn: Jenaro Sarasola	Credit Suisse First Boston 11 Madison Avenue New York, New York 10010 Telecopier: (212) 335-0593 Telephone: (212) 322-1384 Attn: Jenaro Sarasola
Royal Bank of Canada	Royal Bank of Canada, New York One Liberty Plaza, 4th Floor New York, New York 10006 Telecopier: (416) 955-6720 Telephone: (416) 955-6569 Attn: Linda Joannou, Loan Processing	Royal Bank of Canada, New York One Liberty Plaza, 4th Floor New York, New York 10006 Telecopier: (416) 955-6720 Telephone: (416) 955-6569 Attn: Linda Joannou, Loan Processing

Schedule I-4

364-Day Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
The Bank of Tokyo-Mitsubishi, Ltd., Houston Agency	The Bank of Tokyo - Mitsubishi, Ltd., Houston Agency 1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216 Telecopier: (713) 655-3855 Telephone: (713) 655-3845 Attn: J.M. McIntyre	The Bank of Tokyo - Mitsubishi, Ltd., Houston Agency 1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216 Telecopier: (713) 655-3855 Telephone: (713) 655-3845 Attn: J.M. McIntyre
Fleet National Bank, f/k/a BankBoston, N.A.	Fleet National Bank 100 Federal Street, MA DE 10008B Boston, MA 02110 Telecopier: (617) 434-9820 Telephone: (617) 434-9627 Attn: John Cannon, Loan Administrator	Fleet National Bank 100 Federal Street, MA DE 10008B Boston, MA 02110 Telecopier: (617) 434-9820 Telephone: (617) 434-9627 Attn: John Cannon, Loan Administrator
Societe Generale, Southwest Agency	Societe Generale, Southwest Agency 2001 Ross Avenue, Suite 4800 Dallas, Texas 75201 Telecopier: (214) 754-0171 Telephone: (214) 979-2749 Attn: Stacie Row	Societe Generale, Southwest Agency 2001 Ross Avenue, Suite 4800 Dallas, Texas 75201 Telecopier: (214) 754-0171 Telephone: (214) 979-2749 Attn: Stacie Row
Industrial Bank of Japan Trust Company	Industrial Bank of Japan Trust Company 1251 Avenue of the Americas New York, New York 10020 Telecopier: (212) 282-4480 Telephone: (212) 282-4065 Attn: Andrew Encarnacion	Industrial Bank of Japan Trust Company 1251 Avenue of the Americas New York, New York 10020 Telecopier: (212) 282-4480 Telephone: (212) 282-4065 Attn: Andrew Encarnacion
Toronto Dominion (Texas), Inc.	Toronto Dominion (Texas), Inc. 909 Fannin Street, 17th Floor Houston, Texas 77010 Swift Address: TDOMU S4H Telecopier: (713) 951-9921 Attn: Azar Azarpour	Toronto Dominion (Texas), Inc. 909 Fannin Street, 17th Floor Houston, Texas 77010 Swift Address: TDOMU S4H Telecopier: (713) 951-9921 Attn: Azar Azarpour
UBS AG	UBS AG, Stamford Branch 677 Washington Boulevard Stamford, Connecticut 06901 Telecopier: (203) 719-4176 Telephone: (203) 719-4181 Attn: Barry Kohler	UBS AG, Stamford Branch 677 Washington Boulevard Stamford, Connecticut 06901 Telecopier: (203) 719-4176 Telephone: (203) 719-4181 Attn: Barry Kohler
Wells Fargo Bank Texas, N.A.	Wells Fargo Bank, N.A. 1740 Broadway Denver, CO 80274 Telecopier: (303) 863-2729 Telephone: (303) 863-6102 Attn: Tanya Ivie	Wells Fargo Bank, N.A. 1740 Broadway Denver, CO 80274 Telecopier: (303) 863-2729 Telephone: (303) 863-6102 Attn: Tanya Ivie

Schedule I-5

364-Day Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
SunTrust Bank	SunTrust Bank 303 Peachtree Street, 3rd Floor MK 1929 Atlanta, Georgia 30308 Telecopier: (404) 827-6270 Telephone: (404) 827-6735 Attn: David Edge	SunTrust Bank 303 Peachtree Street, 3rd Floor MK 1929 Atlanta, Georgia 30308 Telecopier: (404) 827-6270 Telephone: (404) 827-6735 Attn: David Edge
Westdeutsche Landesbank Girozentrale, New York Branch	Westdeutsche Landesbank Girozentrale, New York Branch 1211 Avenue of the Americas New York, New York 10036 Telecopier: (212) 852-6307 Telephone: (212) 852-6096 Attn:	Westdeutsche Landesbank Girozentrale, New York Branch 1211 Avenue of the Americas New York, New York 10036 Telecopier: (212) 852-6307 Telephone: (212) 852-6096 Attn:
Credit Agricole Indosuez	Credit Agricole Indosuez Texas Commerce Tower 600 Travis, Suite 2340 Houston, Texas 77002 Telecopier: (713) 223-7029 Telephone: (713) 223-7001 Attn: Brian Knezeak	Credit Agricole Indosuez Texas Commerce Tower 600 Travis, Suite 2340 Houston, Texas 77002 Telecopier: (713) 223-7029 Telephone: (713) 223-7001 Attn: Brian Knezeak
The Dai-Ichi Kangyo Bank, Ltd.	The Dai-Ichi Kangyo Bank, Ltd. One World Trade Center, 48th Floor New York, New York 10048 Telecopier: (212) 912-1879 Telephone: (212) 432-6627 Attn: Katsuya Noto	The Dai-Ichi Kangyo Bank, Ltd. One World Trade Center, 48th Floor New York, New York 10048 Telecopier: (212) 912-1879 Telephone: (212) 432-6627 Attn: Katsuya Noto
Arab Banking Corporation (B.S.C.)	Arab Banking Corp. 277 Park Avenue, 32nd Floor New York, New York 10172 Telecopier: (212) 583-0932 Telephone: (212) 583-4770 Attn: R. S. Hassan	Arab Banking Corp. (Grand Cayman) 277 Park Avenue, 32nd Floor New York, New York 10172 Telecopier: (212) 583-0932 Telephone: (212) 583-4770 Attn: R. S. Hassan
Bank of China, New York Branch	Bank of China, New York Branch 410 Madison Avenue New York, New York 10017 Telecopier: (212) 308-4993 or (212) 688-0919 Telephone: (212) 935-3101 x 256 Telex: ITT 423635 Attn: Shelly Lang	Bank of China, New York Branch 410 Madison Avenue New York, New York 10017 Telecopier: (212) 308-4993 or (212) 688-0919 Telephone: (212) 935-3101 x 256 Telex: ITT 423635 Attn: Shelly Lang

Schedule I-6

364-Day Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Bank of Oklahoma, N.A.	Bank of Oklahoma, N.A. One Williams Center, 8th Floor Tulsa, Oklahoma 74192 Telecopier: (918) 588-6880 Telephone: (918) 588-6217 Attn: Robert Mattax	Bank of Oklahoma, N.A. One Williams Center, 8th Floor Tulsa, Oklahoma 74192 Telecopier: (918) 588-6880 Telephone: (918) 588-6217 Attn: Robert Mattax
BNP Paribas, Houston Agency	BNP Paribas, Houston Agency 333 Clay Street, Suite 3400 Houston, Texas 77002 Telecopier: (713) 659-1414 Telephone: (713) 951-1240 Attn: Donna Rose	BNP Paribas, Houston Agency 333 Clay Street, Suite 3400 Houston, Texas 77002 Telecopier: (713) 659-1414 Telephone: (713) 951-1240 Attn: Donna Rose
DG Bank	DG Bank 609 Fifth Avenue New York, New York 10017 Telecopier: (212) 745-1556 Telephone: (212) 745-1560 Attn: Mark K. Connelly	DG Bank 609 Fifth Avenue New York, New York 10017 Telecopier: (212) 745-1556 Telephone: (212) 745-1560 Attn: Mark K. Connelly
KBC Bank N.V., New York Branch	KBC Bank N.V., New York Branch 125 West 55th Street New York, New York 10019 Telecopier: (212) 956-5581 Telephone: (212) 541-0653 Attn: Charlene Cumberbatch/ Loan Administration	KBC Bank N.V., New York Branch 125 West 55th Street New York, New York 10019 Telecopier: (212) 956-5581 Telephone: (212) 541-0653 Attn: Charlene Cumberbatch/ Loan Administration
The Sumitomo Bank, Limited	The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telex: SUMBK 420515/SUMBK Telecopier: (212) 224-5197	The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telex: SUMBK 420515/SUMBK Telecopier: (212) 224-5197
	with copies to: The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telecopier: (212) 224-4384 Telephone: (212) 224-4194 Attn: Mr. Bruce Meredith	with copies to: The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Telecopier: (212) 224-4384 Telephone: (212) 224-4194 Attn: Mr. Bruce Meredith
Commerce Bank, N.A.	Commerce Bank, N.A. 1000 Walnut Street, 17th Floor Kansas City, Missouri 64106 Telecopier: (816) 234-7290 Telephone: (816) 234-2477 Attn: Dennis R. Block	Commerce Bank, N.A. 1000 Walnut Street, 17th Floor Kansas City, Missouri 64106 Telecopier: (816) 234-7290 Telephone: (816) 234-2477 Attn: Dennis R. Block

Schedule I-7

364-Day Credit Agreement

Name of Bank -----	Domestic Lending Office -----	Eurodollar Lending Office -----
RZB Finance LLC	RZB Finance LLC 1133 Avenue of the Americas, 16th Floor New York, New York 10036 Telecopier: (212) 944-2143 Telephone: (212) 845-4593 Attn: Elisabeth Hirst	RZB Finance LLC 1133 Avenue of the Americas, 16th Floor New York, New York 10036 Telecopier: (212) 944-2143 Telephone: (212) 845-4593 Attn: Elisabeth Hirst

Schedule I-8

364-Day Credit Agreement

SCHEDULE II
BORROWER INFORMATION

Borrower

- - - - -

The Williams Companies, Inc.

Information for Notices

- - - - -

The Williams Companies, Inc.
One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Attention: Patti J. Kastl
Telecopier: (918) 573-2065
Telephone: (918) 573-2172

Schedule II-1

364-Day Credit Agreement

SCHEDULE III
PERMITTED BORROWER LIENS

- a) Any purchase money Lien created by the Borrower or any of its Subsidiaries to secure all or part of the purchase price of any property (or to secure a loan made to enable the Borrower or any of its Subsidiaries to acquire the property secured by such Lien); provided that the principal amount of the Debt secured by any such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired.
- b) Any Lien existing on any property at the time of the acquisition thereof by the Borrower or any of its Subsidiaries, whether or not assumed by the Borrower or any of its Subsidiaries, and any Lien on any property acquired or constructed by the Borrower or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that if assumed or created by the Borrower or any of its Subsidiaries, the principal amount of the Debt secured by such Lien, together with all other Debt secured by a Lien on such property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- c) Any Lien created or assumed by the Borrower or any of its Subsidiaries on any contract for the sale of any product or service or any rights thereunder or any proceeds therefrom, including accounts and other receivables, related to the operation or use of any property acquired or constructed by the Borrower or any of its Subsidiaries and created not later than 12 months after (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property, whichever is later; provided, however, that the principal amount of the Debt secured by such mortgage together with all other Debt secured by any such contract, rights or property, shall not exceed the purchase price of the property acquired and/or the cost of the property constructed.
- d) Any Lien existing on any property of a Subsidiary of the Borrower at the time it becomes a Subsidiary of the Borrower.
- e) Any refunding or extension of maturity, in whole or in part, of any Lien created or assumed in accordance with the provisions of paragraph (a), (b), (c) or (d) above or (j) below; provided that the principal amount of the Debt secured by such refunding Lien or extended Lien shall not exceed the principal amount of the Debt secured by the Lien to be refunded or extended outstanding at the time of such refunding or extension and that such refunding Lien or extended Lien shall be limited to the same property that secured the Lien so refunded or extended.
- f) Mechanics' or materialmen's or other similar liens arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by

Schedule III-1

appropriate proceedings or any Lien arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in connection with tenders or leases of real estate, bids or contracts (other than contracts for the payment of money), in each case to secure obligations of the Borrower or any of its Subsidiaries.

- g) Deposits to secure public or statutory obligations, deposits to secure or in lieu of surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of the Borrower or any of its Subsidiaries; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (g) shall not exceed 10% of Consolidated Tangible Net Worth of the Borrower.
- h) Any Lien arising by reason of deposits with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction by the Borrower or any of its Subsidiaries of any business or the exercise by the Borrower or any of its Subsidiaries of any privilege or license, (ii) to enable the Borrower or any of its Subsidiaries to maintain self-insurance or to participate in any fund for liability on any insurance risks or (iii) in connection with workmen's compensation, unemployment insurance, old age pensions or other social security with respect to the Borrower or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.
- i) Any Lien which is payable, both with respect to principal and interest, solely out of the proceeds of oil, gas, coal or other minerals or timber to be produced from the property subject thereto and to be sold or delivered by the Borrower or any of its Subsidiaries, including any interest of the character commonly referred to as a "production payment".
- j) Any Lien created or assumed by a Subsidiary of the Borrower on oil, gas, coal or other mineral or timber property, owned or leased by such Subsidiary to secure loans to such Subsidiary for the purposes of developing such properties, including any interest of the character commonly referred to as a "production payment"; provided, however, that neither the Borrower nor any other Subsidiary of the Borrower shall assume or guarantee such loans or otherwise be liable in respect thereto.
- k) Liens incurred in the ordinary course of business upon rights-of-way.
- l) Undetermined mortgages and charges incidental to construction or maintenance arising in the ordinary course of business which are not more than 90 days past due or are being contested in good faith by appropriate proceedings.
- m) The right reserved to, or vested in, any municipality or governmental or other public authority or railroad by the terms of any right, power, franchise, grant, license, permit or

Schedule III-2

364-Day Credit Agreement

by any provision of law, to terminate or to require annual or other periodic payments as a condition to the continuance of such right, power, franchise, grant, license or permit.

- n) The Lien of taxes and assessments which are not at the time delinquent.
- o) The Lien of specified taxes and assessments which are delinquent but the validity of which is being contested in good faith by the Borrower or any of its Subsidiaries by appropriate proceedings and with respect to which reserves in conformity with generally accepted accounting principles, if required by such principles, have been provided on the books of the Borrower or the relevant Subsidiary of the Borrower, as the case may be.
- p) The Lien reserved in leases entered into in the ordinary course of business for rent and for compliance with the terms of the lease in the case of real property leasehold estates.
- q) Defects and irregularities in the titles to any property (including rights-of-way and easements) which are not material to the business, assets, operations or financial condition of the Borrower and its Subsidiaries considered as a whole.
- r) Any Liens securing Debt neither assumed nor guaranteed by the Borrower or any of its Subsidiaries nor on which any of them customarily pays interest, existing upon real estate or rights in or relating to real estate (including rights-of-way and easements) acquired by the Borrower or any of its Subsidiaries, which Liens were not created in anticipation of such acquisition and do not materially impair the use of such property for the purposes for which it is held by the Borrower or such Subsidiary.
- s) Easements, exceptions or reservations in any property of the Borrower or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, telecommunication equipment and cable, streets, alleys, highways, railroads, the removal of oil, gas, coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is held by the Borrower or such Subsidiary.
- t) Rights reserved to or vested in any municipality or public authority to control or regulate any property of the Borrower or any of its Subsidiaries, or to use such property in any manner which does not materially impair the use of such property for the purposes for which it is held by the Borrower or such Subsidiary.
- u) Any obligations or duties, affecting the property of the Borrower or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.
- v) The Liens of any judgments in an aggregate amount for the Borrower and all of its Subsidiaries (i) not in excess of \$5,000,000, the execution of which has not been stayed

Schedule III-3

and (ii) not in excess of \$25,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary and permitted hereby, by the filing of an appeal bond.

- w) Zoning laws and ordinances.
- x) Any Lien on any office equipment, data processing equipment (including computer and computer peripheral equipment), motor vehicles, aircraft, marine vessels or similar transportation equipment.
- y) Any Lien consisting of interests in receivables in connection with agreements for sales of receivables of any kind by the Borrower or any of its Subsidiaries for cash.
- z) Any Lien not permitted by paragraphs (a) through (y) above or (aa) or (bb) below securing Debt of the Borrower and its Subsidiaries or securing any Debt of the Borrower and its Subsidiaries which constitutes a refunding or extension of any such Debt if at the time of, and after giving effect to, the creation or assumption of any such Lien, the sum of the aggregate of all Debt of the Borrower and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (y) above or (aa) or (bb) below plus the amount of Attributable Obligations of the Borrower and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.2(j) does not exceed 5% of the sum of (i) Consolidated Tangible Net Worth of the Borrower plus (ii) Debt of the Borrower and its Subsidiaries on a Consolidated basis.
- aa) Any overriding royalties or other rights of Pacific Northwest Pipeline Corporation, a Delaware corporation ("Pacific") and Phillips Petroleum Company ("Phillips") or their respective successors in interest under a contract dated January 9, 1953, as amended, between Phillips and Pacific, to which the Borrower is successor in interest; and the obligations of the Borrower to surrender, transfer, release or reassign the leases or interests or rights to which said instruments relate under the conditions and upon the occurrence of the events specified in said instruments.
- bb) Any Lien created by the Borrower or any of its Subsidiaries on any contract (or any rights thereunder or proceeds therefrom) providing for advances by the Borrower or any of its Subsidiaries to finance gas exploration and development, which Lien is created to secure only indebtedness incurred to finance such advances.

Schedule III-4

364-Day Credit Agreement

SCHEDULE IV
 COMMITMENTS
 AS OF JULY 25, 2000

BANKS	COMMITMENT
Bank of America, N.A.	\$72,604,166.67
The Bank of Nova Scotia	\$72,604,166.67
Bank One, NA	\$72,604,166.67
The Chase Manhattan Bank	\$72,604,166.67
Citibank, N.A.	\$72,604,166.67
Commerzbank AG	\$72,604,166.67
Credit Lyonnais	\$72,604,166.67
The Fuji Bank, Limited	\$72,604,166.67
National Westminster Bank PLC	\$72,604,166.67
ABN Amro Bank N.V.	\$59,500,000.00
Bank of Montreal	\$59,500,000.00
The Bank of New York	\$59,500,000.00
Barclays Bank PLC	\$59,500,000.00
CIBC Inc.	\$59,500,000.00
Credit Suisse First Boston	\$59,500,000.00
Royal Bank of Canada	\$59,500,000.00
The Bank of Tokyo-Mitsubishi, Ltd.	\$50,291,666.67
Fleet National Bank	\$50,291,666.67
Societe Generale	\$50,291,666.67
The Industrial Bank of Japan Trust Company	\$50,291,666.67
Toronto Dominion (Texas), Inc.	\$50,291,666.67
UBS AG, Stamford Branch	\$50,291,666.67
Wells Fargo Bank Texas, N.A.	\$50,291,666.67
Westdeutsche Landesbank Girozentrale	\$50,291,666.67
Credit Agricole Indosuez	\$27,979,166.67
Suntrust Bank	\$27,979,166.67
The Dai-Ichi Kangyo Bank, Ltd.	\$27,979,166.67
Arab Banking Corporation (B.S.C.)	\$17,531,250.00
Bank of China	\$17,531,250.00
Bank of Oklahoma, N.A.	\$17,531,250.00
BNP Paribas, Houston Agency	\$17,531,250.00
DG Bank	\$17,531,250.00
KBC Bank, N.V.	\$17,531,250.00
The Sumitomo Bank, Limited	\$17,531,250.00
Commerce Bank, N.A.	\$10,536,458.33
RZB Finance LLC	\$10,536,458.33
COMMITMENTS	\$1,700,000,000.00

SCHEDULE V
RATING CATEGORIES

Rating Category of the Borrower -----	S&P or Moody's ratings of the senior unsecured long-term debt of the Borrower* -----	Applicable Margin -----	Applicable Commitment Fee Rate -----
One	A or better by S&P or A2 or better by Moody's	.500%	.075%
Two	A- by S&P or A3 by Moody's	.625%	.085%
Three	BBB+ by S&P or Baa1 by Moody's	.750%	.095%
Four	BBB by S&P or Baa2 by Moody's	.875%	.10%
Five	BBB- by S&P and Baa3 by Moody's	1.125%	.15%
Six	BBB- by S&P or Baa3 by Moody's	1.500%	.20%
Seven	Borrower is Unrated or none of the above applies to Borrower	2.000%	.25%

*If split-rated, the higher rating will apply.

Schedule V-1

364-Day Credit Agreement

EXHIBIT A-1

A PROMISSORY NOTE

U.S. \$ _____ July _____, 2000

FOR VALUE RECEIVED, the undersigned, The Williams Companies, Inc., a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Bank"), for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), on the Stated Termination Date (as defined in the Credit Agreement referred to below), the principal amount of \$_____, or, if less, the aggregate principal amount of the A Advances (as defined in the Credit Agreement referred to below) owed to the Bank by the Borrower on such Stated Termination Date.

The Borrower promises to pay interest on the unpaid principal amount hereof until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement referred to below. Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, at 399 Park Avenue, New York, New York 10043, in same day funds.

This A Promissory Note is one of the A Notes referred to in, and is subject to and entitled to the benefits of that certain Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Bank, certain other financial institutions parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent for the Bank and such other financial institutions. The Credit Agreement provides, among other things, for (i) the making of advances to the Borrower from time to time pursuant to Section 2.1 of the Credit Agreement in an aggregate outstanding amount not to exceed at any time the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such advance owed to the Bank being evidenced by this A Promissory Note, (ii) acceleration of the maturity hereof upon the happening of certain stated events and (iii) prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. Capitalized terms used herein which are not defined herein and are defined in the Credit Agreement are used herein as therein defined.

The Borrower hereby waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration and any other notice of any kind, except as provided in the Credit Agreement. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

Exhibit A-1-1

364-Day Credit Agreement

This A Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

THE WILLIAMS COMPANIES, INC.

By:

Name: James G. Ivey
Title: Treasurer

Exhibit A-1-2

364-Day Credit Agreement

EXHIBIT A-2

B PROMISSORY NOTE

U.S. \$ _____ Dated: _____, _____

FOR VALUE RECEIVED, the undersigned, The Williams Companies, Inc., a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Bank"), for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), on _____, the principal amount of _____ U.S. Dollars (\$_____).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: _____% per annum (calculated on the basis of a year of _____ days for the actual number of days elapsed).

Interest Payment
Date or Dates: _____

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, for the account of the Bank at the office of Citibank, N.A., at 399 Park Avenue, New York, New York 10043, in same day funds.

This B Promissory Note is one of the B Notes referred to in, and is entitled to the benefits of that certain Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Bank, certain other financial institutions parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent for the Bank and such other financial institutions. The Credit Agreement contains, among other things, provisions for acceleration of the maturity hereof upon the happening of certain stated events. Capitalized terms used herein which are not defined herein and are defined in the Credit Agreement are used herein as therein defined.

The Borrower hereby waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration and any other notice of any kind, except as provided in the Credit Agreement. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

Exhibit A-2-1

364-Day Credit Agreement

This B Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

THE WILLIAMS COMPANIES, INC.

By: -----

Name: -----

Title: -----

Exhibit A-2-2

364-Day Credit Agreement

EXHIBIT B-1

NOTICE OF A BORROWING

[Date]

Citibank, N.A., as Agent
for the Banks parties to the Credit
Agreement referred to below
399 Park Avenue
New York, New York 10043

ATTENTION: Bilal Aman

Ladies and Gentlemen:

The undersigned, The Williams Companies, Inc. (the "Borrower"), (a) refers to that certain Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not defined herein being used herein as therein defined), by and among the undersigned, certain Banks parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent for such Banks; (b) hereby gives you notice, irrevocably, pursuant to Section 2.2 of the Credit Agreement that the undersigned hereby requests an A Borrowing under the Credit Agreement and (c) in that connection sets forth below the information relating to such A Borrowing (the "Proposed A Borrowing") as required by Section 2.2 (a) of the Credit Agreement:

- (i) The Business Day of the Proposed A Borrowing is _____, 19____.
- (ii) The Type of A Advances comprising the Proposed A Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
- (iii) The aggregate amount of the Proposed A Borrowing is \$_____.
- [(iv) The Interest Period for each A Advance made as part of the Proposed A Borrowing is _____ months.]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed A Borrowing:

- (a) the representations and warranties contained in Section 4.1 of the Credit Agreement as to the Borrower and its Subsidiaries are correct on and as of the date of the Proposed A Borrowing, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;
- (b) no event has occurred and is continuing, or would result from the Proposed A Borrowing or from the application of the proceeds therefrom, which constitutes an

Exhibit B-1-1

364-Day Credit Agreement

Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

- (c) the senior unsecured debt of the Borrower is rated _____ by S&P and _____ by Moody's; and
- (d) after giving effect to the Proposed A Borrowing and all other Borrowings which have been requested on or prior to the date of the Proposed A Borrowing but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks to the Borrower (computed without regard to any B Reduction).

Very truly yours,

THE WILLIAMS COMPANIES, INC.

By: _____
 Name: _____
 Title: _____

cc: Citicorp North America, Inc.
 1200 Smith Street, Suite 2000
 Houston, Texas 77002
 Attn: The Williams Companies, Inc.
 Account Officer

Exhibit B-1-2

EXHIBIT B-2

NOTICE OF B BORROWING

[Date]

Citibank, N.A., as Agent
for the Banks parties to the
Credit Agreement referred to below
399 Park Avenue
New York, New York 10043

ATTENTION: Bilal Aman

Ladies and Gentlemen:

The undersigned, The Williams Companies, Inc. (the "Borrower"), (a) refers to that certain Credit Agreement, dated as of July 25, 2000 (as amended or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not defined herein being used herein as therein defined), by and among the undersigned, certain Banks parties thereto, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent for such Banks; (b) hereby gives you notice, irrevocably, pursuant to Section 2.16 of the Credit Agreement that the undersigned hereby requests a B Borrowing under the Credit Agreement and (c) in that connection sets forth the terms on which such B Borrowing (the "Proposed B Borrowing") is requested to be made:

- (A) Date of B Borrowing -----
- (B) Amount of B Borrowing -----
- (C) Maturity Date -----
- (D) Interest Rate Basis -----
- (E) Interest Payment Date(s) -----
- (F) Prepayment Permitted [Yes/No] [Conditions]
- (G) -----

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed B Borrowing:

- (a) the representations and warranties contained in Section 4.1 of the Credit Agreement as to the Borrower and its Subsidiaries are correct on and as of the date of the Proposed B Borrowing, before and after giving effect to the Proposed B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;
- (b) no event has occurred and is continuing, or would result from the Proposed B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

Exhibit B-2-1

- (c) following the making of the Proposed B Borrowing and all other Borrowings to be made on the same day under the Credit Agreement, the aggregate principal amount of all Advances of the Banks to the Borrower then outstanding will not exceed the aggregate amount of the Commitments of the Banks to the Borrower (computed without regard to any B Reduction); and
- (d) after giving effect to the Proposed B Borrowing and all other Borrowings which have been requested on or prior to the date of the Proposed B Borrowing but which have not been made prior to such date, the aggregate principal amount of all Advances will not exceed the aggregate of the Commitments of the Banks.

The undersigned hereby confirms that the Proposed B Borrowing is to be made available to it in accordance with Section 2.16(a)(v) of the Credit Agreement.

Very truly yours,

THE WILLIAMS COMPANIES, INC.

By: _____
 Name: _____
 Title: _____

cc: Citicorp North America, Inc.
 1200 Smith Street, Suite 2000
 Houston, Texas 77002
 Attn: The Williams Companies, Inc.
 Account Officer

EXHIBIT C

WILLIAM G. VON GLAHN
Senior Vice President and
General Counsel

One Williams Center
Tulsa, Oklahoma 74172
918/573-2480

July 25, 2000

To each of the Banks parties to the Credit Agreement dated as of July 25, 2000, by and among the Borrower, the Banks parties thereto and Citibank, N.A., as Agent for the Banks

Ladies and Gentlemen:

I am General Counsel of The Williams Companies, Inc. (the "Borrower") and have acted as counsel to the Borrower in connection with the U.S. \$1,700,000,000 Credit Agreement dated July 25, 2000, by and among the Borrower, the Banks parties thereto, and Citibank, N.A., as Agent for the Banks (the "Agreement"). This opinion is furnished to you at the request of the Borrower pursuant to Section 3.1(d) of the Agreement. Terms defined in the Agreement not otherwise defined herein are used herein as therein defined.

In connection with the opinions expressed herein, I, or attorneys reporting to me, have examined and relied upon copies of the following documents:

- (a) the Agreement, including all exhibits, (a) schedules, and attachments thereto, and any Notes issued pursuant thereto;
- (b) a Certificate of the Secretary of State of the (b) State of Delaware dated July 25, 2000, attesting to the continued corporate existence and good standing of the Borrower in that State; and
- (c) the Certificate of Incorporation and By-Laws of the Borrower, and all amendments thereto.

Those documents identified in items (a) through (c) above are collectively referred to herein as the "Transaction Documents." In connection with this opinion, I or other attorneys acting under my supervision have (i) investigated such questions of law, (ii) examined such corporate documents and records of the Borrower and certificates of public officials, and (iii) received such information from officers and representatives of the Borrower and made such investigations as I or other attorneys under my supervision have deemed necessary or appropriate for the purposes of this opinion. I have not, nor have other attorneys under my supervision, conducted independent investigations or inquiries to determine the existence of matters, actions, proceedings, items, documents, facts, judgments, decrees, franchises,

364-Day Credit Agreement

Exhibit C - 1

July 25, 2000
Page 2

certificates, permits, or the like and have made no independent search of the records of any court, arbitrator, or governmental authority affecting any Person, and no inference as to my knowledge thereof shall be drawn from the fact of my representation of any party or otherwise.

In rendering the opinions herein, I have assumed without independent verification (i) the genuineness of all signatures of the Banks and the Agent, (ii) the capacity of the signing officers of each of the Banks and the Agent, (iii) the authenticity of all documents submitted to me as original and the conformity with the authentic originals of all documents submitted to me as copies, and (iv) the due execution and delivery, pursuant to due authorization, of the Agreement by the Banks and the Agent and the enforceability of the Agreement against the Banks and the Agent.

Based upon and subject to the foregoing and the other qualifications, limitations, and assumptions set forth below and upon such other matters as I have deemed appropriate, I am of the opinion that:

1. The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.
2. The execution, delivery, and performance by the Borrower of the Agreement and any Notes and the consummation of the transactions contemplated by the Agreement are (a) within the Borrower's corporate powers, (b) will not contravene (i) the Certificate of Incorporation or By-Laws of the Borrower, (ii) any law, rule, or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), or (iii) any contractual or legal restriction, and (d) will not result in or require the creation or imposition of any Lien prohibited by the Agreement.
3. The Agreement and any Notes have been duly authorized, executed, and delivered to the Agent by the Borrower.
4. No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery, and performance by the Borrower of the Agreement or the consummation of the transactions contemplated by the Agreement, except, in the case of such performance, for such authorizations, approvals, actions, notices, and filings which have been made or obtained.
5. The Agreement and the Notes, if any, when executed and delivered, will constitute legal, valid, and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

July 25, 2000
Page 3

6. Except as set forth in the Public Filings, to my knowledge there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency, or arbitrator that purport to affect the legality, validity, binding effect, or enforceability of the Agreement or the Notes, if any, that would reasonably be expected to have a materially adverse effect upon the financial condition or operations of the Borrower and its Subsidiaries, taken as a whole.
7. The Borrower is not an "investment company" or company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.
8. In any action or proceeding arising out of or relating to the Agreement or any of the Notes in any court of the State of Oklahoma or in any Federal court sitting in the State of Oklahoma, assuming (i) proper venue, jurisdiction, and a full and proper presentation of the issues and the law to the court, (ii) such action or proceeding is not dismissed on the basis of an inconvenient forum, and (iii) that the court properly applies Oklahoma law, such court would (a) recognize and give effect to the provisions of the Agreement and the Notes that set forth the governing law, and (b) construe the Agreement and the Notes in accordance with the internal laws of the State of New York. Subject to the foregoing and without limiting the generality thereof, a court of the State of Oklahoma or a Federal court sitting in the State of Oklahoma would apply the usury law of the State of New York, and would not apply the usury law of the State of Oklahoma, to the Agreement and the Notes. However, if a court were to hold that the Agreement or any of the Notes are governed by or to be construed in accordance with the laws of the State of Oklahoma, the Agreement and the Notes when executed, delivered, and funded, would be, under the laws of the State of Oklahoma, legal, valid, and binding obligations of the Borrower signatory thereto and enforceable against the Borrower in accordance with their respective terms.

The opinions expressed in this letter are subject to the following additional qualifications and limitations:

- A. My opinion in paragraph 1 with respect to the incorporation and good standing of the Borrower is based solely on a Certificate, dated as of July 25, 2000, from the Secretary of State of the State of Delaware, certifying as to such matters.

- B. My opinions in paragraph 5 and my opinion in the last sentence of paragraph 8 above are subject, insofar as enforceability is concerned, to the effect of any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar law affecting creditors' rights and remedies generally.
- C. My opinion in paragraph 5 and my opinion in the last sentence of paragraph 8 above are subject, insofar as enforceability is concerned, to the effect of general principles of equity including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether considered in a proceeding in equity or at law).
- D. I express no opinion with respect to the enforceability of any of the following: (i) indemnification provisions to the extent the same are violative of federal or state securities laws, rules, or regulations, or of public policy, (ii) clauses waiving right to trial by jury, exculpation clauses, or clauses granting offset rights to the Banks or against any deposits or in respect of matured claims, (iii) clauses relating to recovery of attorneys' fees in connection with the enforcement of obligations, (iv) clauses relating to release of unmatured claims and integration clauses to the effect that no representation was made other than as appears in the Agreement, (v) clauses purporting to waive unmatured rights, representations, warranties, or affirmative or negative covenants to the extent such representations, warranties, or covenants can be construed to be independent clauses which purport to be legal, valid, binding, and enforceable by themselves, as distinguished from being clauses that trigger an event of default, and severability and similar clauses, and (vi) clauses that incorporate by reference a document or instrument or agreement not in existence on the date hereof to the extent that any such document, instrument, or agreement is the basis of an effort to enforce the Agreement, insofar as any of the foregoing are contained in the Agreement.
- E. I express no opinion as to the effect on the opinions herein stated of compliance or non-compliance by any Bank with any applicable state, federal, or other laws or regulations applying only to banks, or the legal or regulatory status of any Bank.
- F. My opinion in paragraph 5 and my opinion in paragraph 8 above assumes (i) application of New York law would not be found to be contrary to a fundamental policy of a state with a materially greater interest in determining the question presented and the laws of which would govern in absence of an effective choice of law, (ii) Citibank, N.A. has a place of business located in the State of New York, and (iii) the Borrower is required to perform a part of its obligations under the Agreement, such as delivery of payment, in the State of New York.

July 25, 2000
Page 5

- G. Qualification of any statement or opinion herein by the use of the words "to my knowledge" means that during the course of representation in connection with the transactions contemplated by the Agreement, no information has come to the attention of me or attorneys reporting to me that would give me or such attorneys current actual knowledge of the existence of facts or matters so qualified. I have not undertaken any investigation to determine the existence of facts, and no inference as to my knowledge thereof shall be drawn from the fact of the representation by me or attorneys reporting to me of any party or otherwise.

I am admitted to practice law in the States of Oklahoma and New York, and, accordingly, the opinions expressed herein are based upon and limited exclusively to the laws of the States of Oklahoma and New York, the General Corporation Law of the State of Delaware and the laws of the United States of America insofar as any of such laws are applicable. I render no opinion with respect to any other laws.

364-Day Credit Agreement

Exhibit C - 5

This opinion letter is solely for the benefit of the Banks and the Agent, their respective successors, assigns, participants, and other transferees and counsel for the Persons referred to in this sentence, in consummating the transaction contemplated by the Agreement, and may not be used or relied upon by, quoted, transmitted to, or filed with any other Person or for any other purpose whatsoever without in each instance my prior written consent. This opinion speaks as of its date, and I undertake no, and hereby expressly disclaim any, duty to advise you as to any changes of fact or law coming to my attention after the date hereof.

Very truly yours,

William G. von Glahn

364-Day Credit Agreement

Exhibit C - 6

EXHIBIT D
[FORM OF OPINION]

July __, 2000

To each of the Banks party to the Credit Agreement described below, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent and Citibank, N.A., as Agent

Ladies and Gentlemen:

We have acted as special counsel to Citibank, N.A., acting for itself and as Agent, in connection with the preparation, execution and delivery of the Credit Agreement, dated as of July __, 2000 (the "Credit Agreement"), by and among The Williams Companies, Inc., a Delaware corporation (the "Borrower"), and each of you. Terms defined in the Credit Agreement are used herein as therein defined.

In that connection, we have examined the following documents:

(1) Counterparts of the Credit Agreement, executed by the Agent, the Co-Syndication Agents, the Documentation Agent and the Borrower, respectively.

(2) The documents furnished by the Borrower pursuant to Section 3.1 of the Credit Agreement and listed on Annex A hereto, including the opinion of William G. von Glahn ("Opinion").

In our examination of the documents referred to above, we have assumed (i) the authenticity of all such documents submitted to us as originals, (ii) the genuineness of all signatures and (iii) the conformity to the originals of all such documents submitted to us as copies. We have also assumed the accuracy of all matters set forth in the certificates referred to on Annex A hereto and assumed that the Borrower, the Banks, the Co-Syndication Agents, the Documentation Agent and the Agent have duly executed and delivered, with all necessary power and authority (corporate and otherwise), the Credit Agreement and that the Borrower has duly executed and delivered, with all necessary power and authority (corporate and otherwise), the respective A Notes. We have also assumed that (i) no Bank has requested that the opinion required by Section 3.1(d) of the Credit Agreement contain any matter not contained in the form of opinion set forth as Exhibit C to the Credit Agreement, (ii) no Bank other than those Banks listed in item (1) of Annex A has requested that an A Note be delivered to it and (iii) the Agent

has satisfactory evidence that principal and interest on all loans and advances outstanding (if any) and all accrued fees and other obligations owed by The Williams Companies, Inc. ("TWC") pursuant to the Second Amended and Restated Credit Agreement dated as of January 24, 2000 among TWC, the financial institutions party thereto and Citibank, N.A., as agent for such institutions have been paid in full.

Based upon the foregoing examination of documents and assumptions and upon such other investigation as we have deemed necessary, we are of the opinion that the Opinion and the other documents referred to in item (2) above are substantially responsive to the requirements of the Credit Agreement.

This opinion (i) is furnished solely for the benefit of the Banks, the Co-Syndication Agents, the Documentation Agent, the Agent, their respective successors, assigns, participants and other transferees and solely in connection with the transactions described above and (ii) may not be relied upon by, or communicated to, any other Person or for any other purpose, nor may it be quoted, circulated or published or made public, in whole or in part, or furnished, without our prior written consent, to any Person. This opinion is rendered as of the date hereof, and we express no opinion as to, and disclaim any undertaking or obligation to update this opinion in respect of changes in laws or interpretations thereof or in circumstances or events that occur subsequent to this date.

Very truly yours,

Mayer, Brown & Platt

364-Day Credit Agreement

Exhibit D - 2

ANNEX A

- (1) A Notes dated July ____, 2000 of the Borrower payable to the order of the following Banks:

[list banks requesting A Notes]
- (2) Certified copies of resolutions of the Board of Directors of the Borrower pertaining to the Credit Agreement and the Notes.
- (3) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying (a) the names and the signatures of officers of the Borrower authorized to sign the Credit Agreement and the Notes of the Borrower and (b) copies of the Certificate of Incorporation and Bylaws of the Borrower.
- (4) The opinion of William G. von Glahn, Esq., substantially in the form of Exhibit C to the Credit Agreement.
- (5) A certificate of an officer of the Borrower stating the respective ratings by each of S&P and Moody's of the senior unsecured long-term debt of the Borrower as in effect on July ____, 2000.

EXHIBIT E

INVESTMENTS DESCRIBED IN PARAGRAPH 5.2(e)
OF THE CREDIT AGREEMENT

Loan Agreement dated as of September 8, 1999 between Williams Communications, Inc., as Borrower, and The Williams Companies, Inc., as Lender, filed as Exhibit 10.57 to WCG's Form 10-K/A for the fiscal year ended December 31, 1999.

Various immaterial intercompany receivables between TWC or its Subsidiaries and the WCG Subsidiaries for services rendered, which are settled on a reasonably prompt basis. Services are rendered to the WCG Subsidiaries by TWC or its Subsidiaries pursuant to certain intercompany services agreements, all of which are filed as exhibits to WCG's Form 10-K/A for the fiscal year ended December 31, 1999.

As of July 25, 2000, TWC's investment in WCG consists of 395,434,965 shares of Class B common stock.

364-Day Credit Agreement

Exhibit E - 1

EXHIBIT F
TRANSFER AGREEMENT

This Transfer Agreement, dated as of _____ (this "Agreement"), is made by and among (a) The Williams Companies, Inc., a Delaware corporation ("Borrower"); (b) Citibank, N.A., as Agent for the banks party to that certain Credit Agreement, dated as of July 25, 2000 (as may be amended from time to time, the "Credit Agreement"), by and among the Borrower, The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, such Agent and such banks; (c) _____ ("Assignor") and (d) _____ ("Assignee"). In consideration of the mutual covenants herein contained, the parties hereto agree as set forth herein.

1. Transfer. Pursuant to the last sentence of Section 8.6(a) of the Credit Agreement, Assignor hereby assigns to Assignee (without representation or warranty to Assignee and without Assignee having recourse against Assignor as a result of such assignment), and Assignee hereby assumes, a constant ____% of each of the Assignor's Commitments (such term used throughout this Agreement without giving effect to any B Reduction) to the Borrower under the Credit Agreement, such assignment from Assignor to Assignee being [all of Assignor's Commitments to the Borrower] [\$_____ of Assignor's \$_____ Commitment to the Borrower] (the amount of such Commitment to the Borrower so assigned is called the "Assigned Portion" of such Commitment). [The Assignee is already a Bank under the Credit Agreement with a Commitment of \$_____ to the Borrower prior to the assumption contemplated hereby.] [The Assignee is hereby approved by the Agent [and the Borrower] for purposes of the assignment and assumption contemplated hereby.] As contemplated by such Section 8.6, it is hereby agreed that:

- (i) the Assignor is hereby released from all of its obligations under the Credit Agreement with respect to or arising as a result of the Assigned Portions of its Commitment assigned hereby;
- (ii) the Assignee hereby becomes obligated for the Assigned Portions of such Commitment and all other obligations of the Assignor (including, without limitation, obligations to the Agent under Section 7.5 of the Credit Agreement or otherwise) under the Credit Agreement with respect to or arising as a result of the Assigned Portions of such Commitments;
- (iii) the Assignee is hereby assigned the right to vote or consent under the Credit Agreement and the other rights and obligations of the Assignor under the Credit Agreement, in each case to the extent of the Assigned Portions of such Commitment;
- (iv) The Borrower, contemporaneously with its execution and delivery hereof, will deliver, in replacement of the A Note of the Assignor currently outstanding [(and in replacement of Assignee's existing \$_____ A Note)] (a) to the

Assignee, a new A Note in the amount of \$_____ [(and the Assignee agrees to cancel and return to the Borrower, with reasonable promptness following such delivery, the A Note of the Assignee being replaced thereby)], (b) to the Assignor, a new A Note in the amount of \$_____ (and the Assignor agrees to cancel and return to the Borrower, with reasonable promptness following delivery of such new A Note, the A Note of the Assignor being replaced thereby), and (c) to the Agent, photocopies of all such new A Notes and of all such canceled A Notes;

- [(v) inasmuch as there are currently no outstanding A Advances, no transfer of A Advances is hereby made];
- [(vi) \$_____ of the Assignor's outstanding A Advances to the Borrower are hereby transferred to the Assignee, which amounts represent [the aggregate amount of all of the Assignor's outstanding A Advances to the Borrower respectively,] [the amount of the assigned portions of the outstanding A Advances of the Assignor to the Borrower being hereby assigned to Assignee a portion of each such A Advance with the assigned portion of each such A Advance being equal to the amount of such A Advance multiplied by a fraction, the numerator of which is the amount of the Assignor's Commitments assumed hereby by the Assignee and the denominator of which is the amount of the Assignor's Commitments (without giving effect to any B Reduction) immediately prior to such assumption]; [and]
- (vii) the Assignee hereby confirms that it is a party to the Credit Agreement as a Bank and agrees that after giving effect to this Agreement its Commitments will be \$_____ to the Borrower; [and]
- (viii) the Assignee hereby specifies the following offices as its Applicable Lending Offices under the Credit Agreement:

Domestic Lending Office	Eurodollar Lending Office
Attention: _____	Attention: _____
Telephone: _____	Telephone: _____
Telecopy: _____	Telecopy: _____
Answerback: _____	Answerback: _____

[(ix) the Assignee hereby specifies the following as its address for notices and communications under the Credit Agreement:

[Assignee] _____
 Attention: _____
 Telephone: _____
 Telecopy: _____
 Answerback: _____]

2. Miscellaneous.

2.1 Amendments, Etc. This Agreement shall not be amended, waived or otherwise modified except in writing executed by the parties hereto.

2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

2.3 Definitions. Capitalized terms used herein which are defined in the Credit Agreement and not defined herein are used herein as defined in the Credit Agreement.

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

2.5 Effective Date. This Agreement shall be effective as of the date first above written for purposes of computation of commitment fees under the Credit Agreement and for all other relevant purposes.

2.6 Assignee Credit Decision. The Assignee acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on such financial statements and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Assignee also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under any Note, the Credit Agreement or this Agreement.

2.7 Indemnity. The Assignee agrees to indemnify and hold the Assignor harmless against any and all losses, costs and expenses (including without limitation reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's performance or non-performance of obligations assumed by Assignee under this Agreement.

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

[NAME OF ASSIGNEE]

THE WILLIAMS COMPANIES, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[NAME OF ASSIGNOR]

CITIBANK, N.A., AS AGENT

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The Williams Companies, Inc. and Subsidiaries
 Computation of Ratio of Earnings to Fixed Charges
 (Dollars in millions)

	Six months ended June 30, 2000

Earnings:	
Income before income taxes and cumulative effect of change in accounting principle	\$ 784.6
Add:	
Interest expense - net	356.1
Rental expense representative of interest factor	86.3
Minority interest in income (loss) and preferred returns of consolidated subsidiaries	(13.0)
Interest accrued - 50% owned company	4.1
Equity losses in less than 50% owned companies	14.1
Equity earnings in less than 50% owned companies in excess of distributions	(7.1)
Other	2.4

Total earnings as adjusted plus fixed charges	\$ 1,227.5 =====
Fixed charges:	
Interest expense - net	\$ 356.1
Capitalized interest	88.6
Rental expense representative of interest factor	86.3
Pretax effect of preferred returns of subsidiaries	21.6
Interest accrued - 50% owned company	4.1

Total fixed charges	\$ 556.7 =====
Ratio of earnings to fixed charges	2.20 =====

5
1,000,000

6-MOS

	DEC-31-2000	
	JAN-01-2000	
	JUN-30-2000	427
		33
		2,845
		76
		811
	6,870	21,648
	4,626	
	28,397	
7,741		9,339
183		0
		446
		5,546
28,397		0
	5,287	0
	3,759	
	14	
	22	
	445	
	785	
	312	
473		
	0	
	0	
	(21)	
	452	
	1.02	
	1.01	