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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2002

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 X 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 October 31, 2002
Common Stock, $1 par value	516,666,268 Shares

The Williams Companies, Inc.
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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 a number of 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 2001 Form 10-K.

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

(Dollars in millions, except per-share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2002	2001*	2002	2001*
Revenues:				
Energy Marketing & Trading	$ (219.2)	$ 493.1	$ (73.9)	$ 1,429.0
Gas Pipeline	381.4	335.1	1,106.4	1,048.5
Exploration & Production	219.3	160.6	677.8	410.2
Midstream Gas & Liquids	501.8	414.9	1,339.8	1,506.8
Williams Energy Partners	107.5	110.8	303.6	310.7
Petroleum Services	1,170.9	1,281.9	3,266.7	4,077.6
International	.7	1.1	3.1	2.6
Other	14.8	17.9	47.1	57.4
Intercompany eliminations	(73.3)	(88.1)	(152.4)	(184.4)
Total revenues	2,103.9	2,727.3	6,518.2	8,658.4
Segment costs and expenses:				
Costs and operating expenses	1,792.7	1,814.8	5,145.6	6,005.8
Selling, general and administrative expenses	218.7	238.4	614.0	625.7
Other (income) expense - net	318.1	7.7	486.8	(42.7)
Total segment costs and expenses	2,329.5	2,060.9	6,246.4	6,588.8
General corporate expenses	44.1	32.4	116.4	88.8
Operating income (loss):				
Energy Marketing & Trading	(316.6)	380.5	(458.1)	1,130.5
Gas Pipeline	163.7	89.9	438.2	378.4
Exploration & Production	230.3	60.1	431.4	149.6
Midstream Gas & Liquids	96.7	68.2	197.5	137.9
Williams Energy Partners	13.4	27.1	69.8	83.6
Petroleum Services	(405.4)	42.4	(395.4)	189.4
International	(4.0)	(3.4)	(11.0)	(9.2)
Other	(3.7)	1.6	(.6)	9.4
General corporate expenses	(44.1)	(32.4)	(116.4)	(88.8)
Total operating income (loss)	(269.7)	634.0	155.4	1,980.8
Interest accrued	(366.3)	(179.5)	(848.8)	(507.1)
Interest capitalized	7.8	12.1	20.0	32.6
Interest rate swap loss	(52.2)	--	(125.2)	--
Investing income (loss):				
Estimated loss on realization of amounts due from Williams Communications Group, Inc.	(22.9)	--	(269.9)	--
Other	85.3	(69.6)	161.5	39.9
Minority interest in income and preferred returns of consolidated subsidiaries	(23.7)	(22.2)	(60.6)	(70.4)
Other income - net	1.2	1.9	20.6	12.2
Income (loss) from continuing operations before income taxes	(640.5)	376.7	(947.0)	1,488.0
Provision (benefit) for income taxes	(231.8)	182.8	(313.0)	615.2
Income (loss) from continuing operations	(408.7)	193.9	(634.0)	872.8
Income (loss) from discontinued operations	114.6	27.4	98.5	(112.8)
Net income (loss)	(294.1)	221.3	(535.5)	760.0
Preferred stock dividends	6.8	--	83.3	--
Income (loss) applicable to common stock	$ (300.9)	$ 221.3	$ (618.8)	$ 760.0
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	$ (.80)	$ .39	$ (1.39)	$ 1.78
Income (loss) from discontinued operations	.22	.05	.19	(.23)
Net income (loss)	$ (.58)	$ .44	$ (1.20)	$ 1.55
Average shares (thousands)	516,901	502,877	516,688	489,813
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	$ (.80)	$ .39	$ (1.39)	$ 1.77
Income (loss) from discontinued operations	.22	.05	.19	(.23)
Net income (loss)	$ (.58)	$ .44	$ (1.20)	$ 1.54
Average shares (thousands)	516,901	506,165	516,688	493,812
Cash dividends per common share	$ .01	$ .18	$ .41	$ .48

* Certain amounts have been restated or reclassified 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)	September 30, 2002	December 31, 2001*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,292.7	$ 1,274.9
Restricted cash	324.0	--
Accounts and notes receivable less allowance of $223.7 ($252.2 in 2001)	3,437.5	3,005.2
Inventories	820.2	804.2
Energy risk management and trading assets	4,410.8	6,514.1
Margin deposits	660.8	213.8
Assets of discontinued operations	779.6	214.6
Deferred income taxes	253.6	440.6
Other	780.7	470.6
Total current assets	12,759.9	12,938.0
Restricted cash	136.2	--
Investments	1,641.6	1,562.9
Property, plant and equipment, at cost	20,443.6	19,633.6
Less accumulated depreciation and depletion	(5,056.7)	(4,377.6)
	15,386.9	15,256.0
Energy risk management and trading assets	3,583.0	4,209.4
Goodwill, net	1,087.3	1,164.3
Assets of discontinued operations	--	2,658.9
Receivables from Williams Communications Group, Inc. less allowance of $2,084.9 ($103.2 in 2001)	277.0	137.2
Other assets and deferred charges	995.8	979.5
Total assets	$ 35,867.7	$ 38,906.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 929.0	$ 1,424.5
Accounts payable	2,745.5	2,861.5
Accrued liabilities	1,884.2	1,825.8
Liabilities of discontinued operations	340.7	211.6
Energy risk management and trading liabilities	4,330.8	5,525.7
Guarantees and payment obligations related to Williams Communications Group, Inc.	51.2	645.6
Long-term debt due within one year	1,393.0	999.8
Total current liabilities	11,674.4	13,494.5
Long-term debt	12,293.6	8,702.8
Deferred income taxes	3,188.9	3,689.9
Liabilities of discontinued operations	--	864.3
Energy risk management and trading liabilities	1,994.7	2,936.6
Guarantees and payment obligations related to Williams Communications Group, Inc.	--	1,120.0
Other liabilities and deferred income	927.6	905.9
Contingent liabilities and commitments (Note 12)		
Minority interests in consolidated subsidiaries	419.5	171.8
Preferred interests in consolidated subsidiaries	--	976.4
Stockholders' equity:		
Preferred stock, $1 per share par value, 30 million shares authorized, 1.5 million issued in 2002, none in 2001	271.3	--
Common stock, $1 per share par value, 960 million shares authorized, 519.7 million issued in 2002, 518.9 million issued in 2001	519.7	518.9
Capital in excess of par value	5,169.0	5,085.1
Retained earnings (deficit)	(653.2)	199.6
Accumulated other comprehensive income	131.2	345.1
Other	(30.4)	(65.0)
	5,407.6	6,083.7
Less treasury stock (at cost), 3.2 million shares of common stock in 2002 and 3.4 million in 2001	(38.6)	(39.7)
Total stockholders' equity	5,369.0	6,044.0
Total liabilities and stockholders' equity	$ 35,867.7	$ 38,906.2

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

See accompanying notes.

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

(Millions)	Nine months ended September 30, 2002	2001*
OPERATING ACTIVITIES:		
Income (loss) from continuing operations	$ (634.0)	$ 872.8
Adjustments to reconcile to cash provided (used) by operations:		
Depreciation, depletion and amortization	607.8	479.2
Provision (benefit) for deferred income taxes	(270.1)	385.2
Payments of guarantees and payment obligations related to Williams Communications Group, Inc.	(753.9)	--
Estimated loss on realization of amounts due from Williams Communications Group, Inc.	269.9	--
Provision for loss on property and other assets	573.7	117.8
Net gain on dispositions of assets	(204.6)	(88.9)
Minority interest in income and preferred returns of consolidated subsidiaries	60.6	70.4
Tax benefit of stock-based awards	2.6	26.3
Accrual for interest in note payable	21.0	--
Cash provided (used) by changes in current assets and liabilities:		
Restricted cash	(151.9)	--
Accounts and notes receivable	(447.5)	(776.4)
Inventories	(28.1)	(10.4)
Margin deposits	(447.0)	423.0
Other current assets	(454.2)	(20.1)
Accounts payable	(163.2)	175.0
Accrued liabilities	(5.9)	482.2
Changes in current energy risk management and trading assets and liabilities	908.3	(783.2)
Changes in noncurrent energy risk management and trading assets and liabilities	(315.5)	(711.1)
Changes in noncurrent restricted cash	(103.8)	--
Other, including changes in noncurrent assets and liabilities	10.1	19.4
Net cash provided (used) by operating activities of continuing operations	(1,525.7)	661.2
Net cash provided by operating activities of discontinued operations	190.5	146.0
Net cash provided (used) by operating activities	(1,335.2)	807.2
FINANCING ACTIVITIES:		
Proceeds from notes payable	1,608.0	1,830.0
Payments of notes payable	(2,303.0)	(3,925.7)
Proceeds from long-term debt	3,490.0	3,503.8
Payments of long-term debt	(1,948.7)	(979.7)
Proceeds from issuance of common stock	25.1	1,397.2
Proceeds from issuance of preferred stock	271.3	--
Dividends paid	(218.8)	(237.9)
Proceeds from sale of limited partner units of consolidated partnership	279.3	92.5
Payment of Williams obligated mandatorily redeemable preferred securities of Trust holding only Williams indentures	--	(194.0)
Payments of debt issuance costs	(186.9)	(44.0)
Retirement of preferred interest in consolidated subsidiary	(135.0)	--
Payments/dividends to preferred and minority interests	(58.0)	(41.8)
Changes in restricted cash	(203.8)	--
Other--net	(23.7)	(.2)
Net cash provided by financing activities of continuing operations	595.8	1,400.2
Net cash provided (used) by financing activities of discontinued operations	(97.0)	1,386.8
Net cash provided by financing activities	498.8	2,787.0
INVESTING ACTIVITIES:		
Property, plant and equipment:		
Capital expenditures	(1,383.5)	(1,151.1)
Proceeds from dispositions	456.1	23.6
Changes in accounts payable and accrued liabilities	21.6	4.4
Acquisition of business (primarily property, plant & equipment), net of cash acquired	--	(1,321.8)
Purchases of investments/advances to affiliates	(284.3)	(417.8)
Proceeds from sales of businesses	1,920.2	164.4
Proceeds from dispositions of investments and other assets	98.1	241.7
Proceeds received on advances to affiliates	75.0	20.0
Purchase of assets subsequently leased to seller	(8.9)	(276.0)
Other--net	28.8	12.1
Net cash provided (used) by investing activities of continuing operations	923.1	(2,700.5)
Net cash used by investing activities of discontinued operations	(95.1)	(1,594.0)
Net cash provided (used) by investing activities	828.0	(4,294.5)
Cash of discontinued operations at spinoff	--	(96.5)
Decrease in cash and cash equivalents	(8.4)	(796.8)
Cash and cash equivalents at beginning of period**	1,301.1	1,210.7
Cash and cash equivalents at end of period**	$ 1,292.7	$ 413.9

* Amounts have been restated or reclassified as described in Note 2 of Notes to Consolidated Financial Statements.

** Includes cash and cash equivalents of discontinued operations of $26.2 million, $37.3 million and $235.3 million at December 31, 2001,

September 30, 2001 and December 31, 2000, respectively.

See accompanying notes.

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

1. General

Recent Developments

Recent events have significantly impacted the Company's operations and will have a continuing impact on the Company's operations in the future. In the first quarter of 2002, as a result of credit issues facing the Company and the assumption of payment obligations and performance on guarantees associated with Williams Communications Group, Inc. (WCG), Williams announced plans to strengthen its balance sheet. During the second quarter, the results of the Energy Marketing & Trading business were not profitable reflecting market movements against its portfolio and an absence of origination activities. These unfavorable conditions were in large part a result of market concerns about Williams' credit and liquidity situation and limited Energy Marketing & Trading's ability to manage market risk and exercise hedging strategies as market liquidity deteriorated. During third-quarter 2002, Williams' credit ratings were lowered below investment grade. Williams was also unable to complete a renewal of its unsecured short-term bank credit facility. Following these events, Williams sold assets in July 2002 receiving net proceeds of approximately $1.5 billion, obtained secured credit facilities totaling $1.3 billion and amended its revolving credit facility to make it secured. Also during the third quarter, Williams completed additional asset sales resulting in net cash proceeds of approximately $466 million. Losses continued in the third quarter from the Energy Marketing & Trading business reflecting the continued negative market movements against the portfolio, the absence of origination activities and the adverse affects of Williams' overall liquidity and credit ratings issues, which impact Energy Marketing & Trading's ability to enter into price risk management and hedging activities.

The Company has scheduled debt retirements due through first quarter 2004 of approximately $4.1 billion and anticipates significant additional asset sales to meet its liquidity needs over that period. The Company has also reduced projected levels of capital expenditures and the board of directors reduced the quarterly dividend on common stock for the third quarter from the prior level of $.20 per share to $.01 per share. The Company has also announced its intentions to reduce its commitment to the Energy Marketing & Trading business, which could be realized by entering into a joint venture with a third party or through the sale of a portion or all of the marketing and trading portfolio.

While the Company believes that these actions will significantly address liquidity and credit concerns, the resulting downsizing of the Company will have a significant impact on the Company's future financial position and results of operations. The Company's ability to maintain liquidity and future operations could be significantly impacted by other events, including the possibility that the asset sales and reduction of the Company's commitment to its Energy Marketing & Trading business will not be accomplished as currently anticipated. The timing and amount of proceeds to be realized from the sale of assets is subject to several variables, including negotiations with prospective buyers, industry conditions, lender consents to the sale of collateral, regulatory approvals and Williams' assessment of its short and long-term liquidity requirements. The reduction of the Company's commitment to Energy Marketing & Trading activities could be affected by the willingness of buyers and/or potential partners to enter into transactions with Williams, giving consideration to the current condition of the energy trading sector and liquidity and credit constraints of Williams. As a result of these factors, the proceeds that may be realized from the sales of assets, including the trading portfolio, may be less than the carrying values at September 30, 2002, and could result in additional impairments and losses. Additional information on these events is discussed in the accompanying notes and in Management's Discussion and Analysis.

Other

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' Current Report on Form 8-K dated May 28, 2002. The accompanying unaudited financial statements include all normal recurring adjustments and others, including asset impairments and loss accruals, which, in the opinion of Williams' management, are necessary to present fairly its financial position at September 30, 2002, its results of operations for the three and nine months ended September 30, 2002 and 2001, and its cash flows for the nine months ended September 30, 2002 and 2001.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

2. Basis of presentation

In accordance with the provisions related to discontinued operations within Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the accompanying consolidated financial statements and notes reflect the results of operations, financial position and cash flows of the following components as discontinued operations (see Note 7):

- Central natural gas pipeline, previously one of Gas Pipeline's segments

- The Colorado soda ash mining operations, previously part of the International segment
- Two natural gas liquids pipeline systems, Mid-American Pipeline and Seminole Pipeline, previously part of the Midstream Gas & Liquids segment
- Kern River Gas Transmission (Kern River), previously one of Gas Pipeline's segments

Unless indicated otherwise, the information in the Notes to the Consolidated Financial Statements relates to the continuing operations of Williams. Williams expects that other components of its business will be classified as discontinued operations in the future as the sales of those assets occur.

Certain other statement of operations, balance sheet and cash flow amounts have been reclassified to conform to the current classifications.

3. Asset sales, impairments and other accruals

In first-quarter 2002, Williams offered an enhanced-benefit early retirement option to certain employee groups. The deadline for electing the early retirement option was April 26, 2002. The nine months ended September 30, 2002, reflects $30 million of expense associated with the early retirement option, of which $24 million is recorded in selling, general and administrative expenses and the remaining in general corporate expenses.

In a Form 8-K filed on May 28, 2002, Williams announced a plan that was designed to further improve the company's financial position and more narrowly focus its business strategy within its major business units. Part of this plan included the generation of $1.5 billion to $3 billion of proceeds from the sale of assets and/or businesses. Williams is continuing to evaluate the assets and/or businesses that fit within its more narrowly focused business strategy, and has identified certain assets and/or businesses, that are more-likely-than-not to be disposed of before the end of their previously estimated useful lives. The assets and/or businesses that did not meet the criteria to be classified as held for sale at September 30, 2002, (see Note 2) were evaluated for recoverability on a held-for-use basis pursuant to Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." A probability-weighted approach was used to consider the likelihood of possible outcomes including sale in the near term and hold for the remaining estimated useful life. Key variables, including management's estimate of fair value, probability of sale and selection of those assets to be marketed for sale continued to be updated in third-quarter 2002. For those assets and/or businesses that were not recoverable based on undiscounted cash flows, an impairment loss was recognized in third-quarter 2002 based on management's estimate of fair value.

During second-quarter 2002, Williams identified the travel centers as a business that does not fit within the new business strategy and began actively marketing that business for sale. Probability-weighted undiscounted cash flows for asset recoverability were estimated on a facility-by-facility basis. Fair value estimates for the travel centers with an indicated impairment were based on management's estimate of discounted cash flows using a probability-weighted approach which considered the likelihood of sale and related sale proceeds and the possibility of holding the asset for its remaining estimated useful life. The $27 million loss recognized in second-quarter 2002 by Petroleum Services includes both impairment charges related to stores owned by Williams and liability accruals associated with a residual value guarantee of certain travel centers under an operating lease. This operating lease is now considered a capitalized lease due to changes in July 2002. During third quarter 2002, management revised its assessment regarding the likelihood of sale and estimated fair value of these facilities, reflective of information from the reserve auction process and revision to the company's mix and timing of specific asset sales. Petroleum Services recorded a $112.1 million impairment charge in third-quarter 2002, to reflect the impact of these changed assumptions upon the September 30, 2002 impairment valuation. Fair value was based on the expected sales price pursuant to an agreement to sell the travel centers for $190 million in cash, which was announced October 30, 2002.

During the second quarter of 2002, Williams announced its intention to sell its refining operations as part of the strategy to improve the company's financial position. These assets were part of a reserve auction process, for which bids were received during third-quarter 2002. An impairment evaluation performed for each of the refining operations resulted in a third quarter impairment charge of $176.2 million associated with the Midsouth refining long-lived assets, which was recorded in Petroleum Services. Fair value was based on management's assessment of the expected sales price pursuant to information from the reserve auction process using a probability-weighted approach.

The Company is currently engaged in a reserve auction process for its bio-energy facilities, which are primarily engaged in the production and marketing of ethanol. During third-quarter 2002, management revised its assessment of the likelihood of sale and estimated fair value of these facilities, also reflective of the maturation of the reserve auction process and revisions to the company's mix and timing of specific asset sales. As a result, the September 30, 2002 measure of probability-weighted undiscounted cash flows were below the carrying cost of the long-lived assets, resulting in a third-quarter impairment charge of $144.3 million, including $21.6 million related to goodwill, recorded by Petroleum Services. Fair value was based upon management's estimate of undiscounted cash flows using a probability-weighted approach considering the current information from the reserve auction process.

Additionally, as Williams has more narrowly focused its business strategy and reduced planned capital spending, certain projects will not be further developed. As a result, Williams has written-off capitalized costs and accrued for estimated costs associated with termination of these projects. For the three and nine months ended September 30, 2002, Energy Marketing & Trading recorded charges totalling $11.5 million and $95.2 million, respectively, including write-offs associated with a terminated power plant project and accruals for commitments for certain assets that were previously planned to be used in power projects.

Energy Marketing & Trading recognized a $57.5 million goodwill impairment loss in second-quarter 2002 reflecting deteriorating market conditions in the merchant energy sector in which it operates and Energy Marketing & Trading's resulting announcement in June 2002 to scale back its own energy marketing and risk management business. The fair value of Energy Marketing & Trading used to calculate the goodwill impairment loss was based on the estimated fair value of the trading portfolio inclusive of the fair value of contracts with affiliates, which are not reflected at fair value in the financial statements. The fair value of these contracts was estimated using a discounted cash flow model with natural gas pricing assumptions based on current market information. The remaining goodwill was evaluated for impairment in third-quarter 2002 and no impairment was required based on management's estimate of the fair value of Energy Marketing & Trading at September 30, 2002.

Significant gains or losses from asset sales, impairments and other accruals included in other (income) expense - net within segment costs and expenses are included in the following table.

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2002	2001	2002	2001
ENERGY MARKETING & TRADING				
Net loss accruals and write-offs	$ 11.5	$ --	$ 95.2	$ --
Impairment of goodwill	--	--	57.5	--
EXPLORATION & PRODUCTION				
Gain on sale of natural gas production properties in Wyoming	(122.3)	--	(122.3)	--
Gain on sale of natural gas production properties in Anadarko basin	(21.6)	--	(21.6)	--
MIDSTREAM GAS & LIQUIDS				
Impairment of south Texas assets	--	4.2	--	15.1
PETROLEUM SERVICES				
Impairment of Midsouth refinery	176.2	--	176.2	--
Impairment of bio-energy facilities, including goodwill impairment	144.3	--	144.3	--
Gain on sale of certain convenience stores	--	--	--	(72.1)
Impairment of end-to-end mobile computing systems business	--	--	--	11.2
Impairment and other loss accruals for travel centers	112.1	--	139.1	--

4. Receivables from Williams Communications Group, Inc. and other related information

Background

At December 31, 2001, Williams had financial exposure from WCG of $375 million of receivables and $2.21 billion of guarantees and payment obligations. Williams determined it was probable it would not fully realize the $375 million of receivables, and it would be required to perform under its $2.21 billion of guarantees and payment obligations. Williams developed an estimated range of loss related to its total WCG exposure and management believed that no loss within that range was more probable than another. For 2001, Williams recorded the $2.05 billion minimum amount of the range of loss from its financial exposure to WCG, which was reported in the Consolidated Statement of Operations as a $1.84 billion pre-tax charge to discontinued operations and a $213 million pre-tax charge to continuing operations. The charge to discontinued operations of $1.84 billion included a $1.77 billion minimum amount of the estimated range of loss from performance on $2.21 billion of guarantees and payment obligations. The charge to continuing operations of $213 million included estimated losses from an assessment of the recoverability of the carrying amounts of the $375 million of receivables and a remaining $25 million investment in WCG common stock.

Williams, prior to the spinoff of WCG, provided indirect credit support for $1.4 billion of WCG's Note Trust Notes. On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminated acceleration of the WCG Note Trust Notes due to a WCG bankruptcy or from a Williams credit rating downgrade. The amendment also affirmed Williams' obligation for all payments due with respect to the WCG Note Trust Notes, which mature in March 2004, and allows Williams to fund such payments from any available sources. In July 2002, Williams acquired substantially all of the WCG Note Trust Notes by exchanging $1.4 billion of Williams Senior Unsecured 9.25 percent Notes due March 2004. In November 2002, Williams acquired the remaining outstanding WCG Note Trust Notes.

Williams also provided a guarantee of WCG's obligations under a 1998 transaction in which WCG entered into a lease agreement covering a portion of its fiber-optic network. WCG had an option to purchase the covered network assets during the lease term at an amount approximating the lessor's cost of $750 million. On March 8, 2002, WCG exercised its option to purchase the covered network assets. On March 29, 2002, Williams funded the purchase price of $754 million and became entitled to an unsecured note from WCG for the same amount.

Williams has also provided guarantees on certain other performance obligations of WCG totaling approximately $57 million.

2002 Evaluation

At September 30, 2002, Williams had receivables and claims from WCG of $2.15 billion arising from Williams affirming its payment obligation on the $1.4 billion of WCG Note Trust Notes and Williams paying $754 million under the WCG lease agreement. At September 30, 2002, Williams also had $334 million of previously existing receivables. In third-quarter 2002, Williams recorded in continuing operations a pre-tax charge of $22.9 million related to WCG, including an assessment of the recoverability of its receivables and claims from WCG. For the nine months ended September 30, 2002, Williams has recorded in continuing operations pre-tax charges of $269.9 million related to the recovery of these receivables and claims. At September 30, 2002, Williams estimates that approximately $2.2 billion of the $2.5 billion of receivables from WCG are not recoverable.

On April 22, 2002, WCG filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. On October 15, 2002, WCG consummated its Chapter 11 Plan of Reorganization (Plan). The Plan was confirmed by the United States Bankruptcy Court for the Southern District of New York (Court) on September 30, 2002.

The Plan includes (1) mutual releases, effective October 15, 2002, between WCG (and all of its affiliates and each of their present and former directors, officers, employees and agents), the Official Creditors Committee and Williams (and all of its affiliates and each of their present and former directors, officers, employees and agents), which forever bar causes of action against Williams that are based in whole or in part on any act, omission, event, condition or thing in existence or that occurred in whole or in part prior to October 15, 2002, and arising out of or relating in any way to WCG or its present or former assets; (2) a channeling injunction, effective October 15, 2002, which enjoins the holders of unsecured claims against WCG from taking any action to assert, seek or obtain a recovery from Williams; (3) the sale of certain of Williams' claims against WCG to Leucadia National Corporation (Leucadia) for $180 million; and (4) the sale by Williams to WCG of the Williams Technology Center and certain related assets for (a) a seven and one-half year promissory note in the principal amount of $100 million with interest at 7 percent (Long Term Note) secured by a mortgage on the Williams Technology Center and certain other collateral, and (b) a four year promissory note (which may be pre-paid without penalty) with face amount of $74.4 million and an original principal amount of $44.8 million (Short Term Note) secured by a mortgage on the Williams Technology Center and certain other collateral. Interest on the principal amount of the Short Term Note is capitalized on December 31 of each year beginning in 2003 and accrues at the following rates: 10 percent interest from October 15, 2002 to December 31, 2003; 12 percent interest from January 1, 2004 to December 31, 2004; 14 percent interest from January 1, 2005 to December 31, 2005; and 16 percent interest from January 1, 2006 to December 29, 2006. The Plan does not extinguish or eliminate claims that WCG shareholders have made against Williams and its directors and officers.

Because of the timing of applications made by WilTel Communications Group, Inc. formerly WCG (WilTel), to the Federal Communication Commission (FCC) for the transfer by WCG to WilTel of certain telecommunications licenses, pursuant to the Plan and the Court's order confirming the Plan, certain components of the Plan (including the following) were placed into escrow pending the issuance of certain permanent licenses to WilTel by the FCC: (1) a cash collateralized letter of credit that expires on March 14, 2003 in the amount of $181 million issued by Fleet National Bank for the account of Leucadia in respect of Leucadia's obligation to pay for the claims it purchased from Williams; and (2) documents related to the sale of the Williams Technology Center and certain related assets including the Short Term Note and the Long Term Note. The escrowed items will be released upon the issuance of specified permanent licenses from the FCC provided that no objections are filed by any third party. If the FCC has not granted the permanent licenses by February 28, 2003, or if objections are pending (which have not been resolved to Leucadia's reasonable satisfaction), the escrow unwinds. In the event the escrow unwinds, then (i) the letter of

credit will either expire by its terms on March 14, 2003, or will be returned to Leucadia, and (ii) 11,775,000 common shares of WilTel will be returned by Leucadia to the escrow agent for distribution to Williams in accordance with the terms of the escrow agreement. Should that distribution to Williams occur, it is anticipated that Williams would own approximately 30 percent of the outstanding common stock of WilTel and the right to designate two board seats on WilTel's board of directors. During the escrow period, WilTel is obligated to pay Williams monthly lease payments in accordance with the September 2001 sale-leaseback transaction with respect to the Williams Technology Center and certain related assets. When the escrowed items are released, Williams will credit WilTel by reducing the Long Term Note by the difference between the sale-leaseback payments and the note payments. In the event the escrow unwinds, the sale-leaseback transaction will continue unaffected.

At September 30, 2002, Williams estimated recoveries of its receivables and claims against WilTel based on the agreements included in the Plan. Williams' net receivable at September 30, 2002 includes $180 million related to the sale of its claim to Leucadia and $122 million as the fair value of its notes from WilTel. The fair value of the notes from WilTel was based on an estimated discount rate considering the creditworthiness of WilTel, the amount and timing of the cash flows and Williams' security in the Williams Technology Center and certain other collateral. Williams believes the transactions contemplated by these agreements provide the most relevant information available to estimate the recovery of its receivables and claims, as they represent third party transactions that Williams' management has executed pending the outcome of the escrow.

Prior to second-quarter 2002, Williams had estimated the recovery of its receivables from WCG by performing a financial analysis and utilizing the assistance of external legal counsel and an external financial and restructuring advisor. In preparing its financial analysis, Williams and its external financial and restructuring advisor considered the overall market condition of the telecommunications industry, financial projections provided by WCG, the potential impact of a bankruptcy on WCG's financial performance, the nature of the proposed restructuring as detailed in WCG's bankruptcy filing and various issues discussed in negotiations prior to WCG's bankruptcy filing.

Actual recoveries may ultimately differ from currently estimated recoveries if the escrow unwinds causing Williams to receive common stock equity in WilTel and the existing sale - leaseback transaction to remain in place.

5. Investing income (loss)

Estimated loss on realization of amounts due from Williams Communications Group, Inc.

For the three and nine months ended September 30, 2002, Williams has recorded in continuing operations pre-tax charges of $22.9 million and $269.9 million, respectively, related to the recoverability of these receivables and claims (see Note 4).

Other

Other investing income (loss) for the three and nine months ended September 30, 2002 and 2001, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2002	2001	2002	2001
Equity earnings*	$ 19.1	$ 10.3	$ 79.7	$ 21.8
Income (loss) from investments*	55.1	(23.3)	42.8	4.2
Write-down of WCG common stock investment	--	(70.9)	--	(70.9)
Interest income and other	11.1	14.3	39.0	84.8
Total other investing income (loss)	$ 85.3	$ (69.6)	$ 161.5	$ 39.9

* Items also included in segment profit (loss).

Equity earnings for the nine months ended September 30, 2002, include a benefit of $27.4 million, reflecting a contractual construction completion fee received by an equity affiliate of Williams whose operations are accounted for under the equity method of accounting. This equity affiliate served as the general contractor on the Gulfstream pipeline project for Gulfstream Pipeline Natural Gas System (Gulfstream), an interstate natural gas pipeline subject to Federal Energy Regulatory Commission (FERC) regulations and an equity affiliate of Williams. The fee paid by Gulfstream, associated with the early completion during second-quarter of the construction of Gulfstream's pipeline, was capitalized by Gulfstream as property, plant and equipment and is included in Gulfstream's rate base to be recovered in future revenues.

Included in income (loss) from investments for the three and nine months ended September 30, 2002, are the following:

- $58.5 million gain on sale of Williams' investment in a Lithuanian oil refinery, pipeline and terminal complex, which was included in the International segment
- $8.7 million gain on sale of Williams' general partner equity interest in Northern Border Partners, L.P., which was included in the Gas Pipeline segment
- $11.6 million net write-down pursuant to terms of an announced sale of Williams' equity interest in a Canadian and U.S. gas pipeline, which was included in the Gas Pipeline segment
- $12.3 million write-down of Gas Pipeline's investment in a pipeline project which was cancelled in the second-quarter 2002 (included in the nine months only)

Included in income (loss) from investments for the three and nine months ended September 30, 2001, are the following:

- $23.3 million write-downs of certain other investments, which were included in the Energy Marketing & Trading segment

- $27.5 million gain on the sale of Williams' limited partnership interest in Northern Border Partners, L. P., which was included in the Gas Pipeline segment (included in nine months only)

The $70.9 million write-down of the WCG investment included in the three and nine months ended September 30, 2001, resulted from a decline in the value of the WCG common stock which was determined to be other than temporary.

6. Provision (benefit) for income taxes

The provision (benefit) for income taxes from continuing operations includes:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2002	2001	2002	2001
Current:				
Federal	$ (100.3)	$ 17.3	$ (63.7)	$ 189.3
State	10.0	(1.1)	10.0	31.6
Foreign	10.8	2.8	10.8	9.1
	(79.5)	19.0	(42.9)	230.0
Deferred:				
Federal	(103.8)	138.2	(211.6)	342.5
State	(60.2)	19.8	(70.2)	34.7
Foreign	11.7	5.8	11.7	8.0
	(152.3)	163.8	(270.1)	385.2
Total provision (benefit)	$ (231.8)	$ 182.8	$ (313.0)	$ 615.2

The effective income tax rate for the three months ended September 30, 2002, is greater than the federal statutory rate due primarily to the effect of state income taxes, offset by the effects of taxes on foreign operations.

The effective income tax rate for the nine months ended September 30, 2002, is less than the federal statutory rate due primarily to the effect of taxes on foreign operations and the impairment of goodwill, which is not deductible for income tax purposes, and reduces the tax benefit of the pre-tax loss, offset by the effect of state income taxes.

The effective income tax rate for the three and nine months ended September 30, 2001, is greater than the federal statutory rate due primarily to valuation allowances associated with the tax benefits for investment write-downs for which ultimate realization is uncertain and the effect of state income taxes.

7. Discontinued operations

2002 Transactions

In accordance with the provisions related to discontinued operations within SFAS No. 144, the results of operations for the following asset and/or business sales have been reflected in the consolidated financial statements as discontinued operations:

Central

During third-quarter 2002, Williams' board of directors approved an agreement to sell one of its Gas Pipeline segments, Central natural gas pipeline, for $380 million in cash and the assumption by the purchaser of $175 million in debt. As a result of the board of directors' approval, Central met the criteria within SFAS No. 144 to be considered "held for sale" at September 30, 2002. The sale is expected to close in fourth-quarter 2002. The sale agreement results from efforts to market this asset through a reserve price auction process that was initiated during second-quarter 2002. A third-quarter 2002 impairment charge of $86.9 million is recorded as a component of impairments and gain (loss) on sales from discontinued operations (included in the following table) reflecting the excess of the September 30, 2002, carrying cost of the long-lived assets over management's estimate of fair value less costs to sell Central. Fair value was based upon terms of the sales agreement, with the final bid level reflecting a decline from initial offers received in the earlier stages of the reserve auction process.

Mid-America and Seminole Pipelines

On August 1, 2002, Williams completed the sale of its 98 percent interest in Mid-America Pipeline and 98 percent of its 80 percent ownership interest in Seminole Pipeline for $1.2 billion. The sale generated net cash proceeds of $1.16 billion and a pre-tax gain of $304.6 million which is recorded in third-quarter 2002 as a component of impairments and gain (loss) on sales from discontinued operations (included in the following table). Mid-America Pipeline is a 7,726-mile natural gas liquids pipeline system. Seminole Pipeline is a 1,281-mile natural gas liquids pipeline system. These assets were part of the Midstream Gas & Liquids segment.

Soda ash operations

In March 2002, Williams announced its intentions to sell its soda ash mining facility located in Colorado, which was previously written-down to estimated fair value at December 31, 2001, and in April 2002, Williams initiated a reserve-auction process. As this process and negotiations with interested parties progressed, new information regarding estimated fair value became available. As a result, an additional impairment loss of $44.1 million was recognized in second-quarter 2002 by the International segment. Management's estimate of fair value used to calculate the impairment loss was based on discounted cash flows assuming sale of the facility in 2002. During third-quarter 2002, Williams' board of directors approved a plan authorizing management to negotiate and facilitate a sale of its interest in the soda ash operations pursuant to terms of a proposed sales agreement. As a result of the board of directors' approval and management's expectation of consummation of a sale, these operations met the criteria within SFAS No. 144 to be held for sale at September 30, 2002. An additional pre-tax impairment of $48.2 million was recorded in third-quarter 2002 and is recorded as a component of impairments and gain (loss) on sales from discontinued operations (included in the following table), reflective of management's estimate of fair value associated with revised terms of its negotiations to sell the operations.

Kern River

On March 27, 2002, Williams completed the sale of its Kern River pipeline for $450 million in cash and the assumption by the purchaser of $510 million in debt. As part of the agreement, $32.5 million of the purchase price was contingent upon Kern River receiving a certificate from the FERC to construct and operate a future expansion. This certificate was received in July 2002 and the contingent payment plus interest was recognized as income from discontinued operations in third-quarter 2002. Included as a component of impairments and gain (loss) on sales from discontinued operations (included in the following table) is a pre-tax gain of $31.7 million and a pre-tax loss of $6.4 million for the three and nine months ended September 30, 2002, respectively.

Notes (Continued)

2001 Transactions

On March 30, 2001, Williams' board of directors approved a tax-free spinoff of WCG to Williams' shareholders. Williams distributed 398.5 million shares, or approximately 95 percent of the WCG common stock held by Williams on April 23, 2001. In accordance with Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual, and Infrequently Occurring Events and Transactions," the results of operations and cash flows for WCG have been reflected in the accompanying Consolidated Statement of Operations and Consolidated Statement of Cash Flows and notes as discontinued operations. See Note 4 for information regarding events in 2002 related to WCG.

Summarized results of discontinued operations

Summarized results of discontinued operations for the three and nine months ended September 30, 2002 and 2001, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2002	2001	2002	2001
2002 Transactions:				
Revenues	$ 66.4	$ 155.0	$ 326.0	$ 429.8
Income from operations before income taxes	$ 8.3	$ 42.3	$ 69.1	$ 105.4
Impairments and gain (loss) on sales	201.2	--	119.0	--
Provision for income taxes	(94.9)	(14.9)	(89.6)	(39.1)
	$ 114.6	$ 27.4	$ 98.5	$ 66.3
2001 Transactions:				
Revenues	$ --	$ --	$ --	$ 329.5
Loss from operations before income taxes	$ --	$ --	$ --	$ (271.3)
Benefit for income taxes	--	--	--	92.2
	$ --	$ --	$ --	$ (179.1)
Total income (loss) from discontinued operations	$ 114.6	$ 27.4	$ 98.5	$ (112.8)

Notes (Continued)

Summarized assets and liabilities of discontinued operations

Summarized assets and liabilities of discontinued operations as of September 30, 2002 and December 31, 2001, are as follows:

(Millions)	September 30, 2002	December 31, 2001
Total current assets	$ 779.6	$ 214.6
Property, plant and equipment	--	2,463.2
Other non-current assets	--	195.7
Total non-current assets	--	2,658.9
Total assets	$ 779.6	$ 2,873.5
Long-term debt due within one year	--	37.0
Other current liabilities	340.7	174.6
Total current liabilities	340.7	211.6
Long-term debt	--	797.9
Other non-current liabilities	--	66.4
Total non-current liabilities	--	864.3
Total liabilities	$ 340.7	$ 1,075.9

At September 30, 2002, Central and the soda ash operations had been approved for sale by Williams' board of directors. Because the sales are expected to close within 12 months, the discontinued assets and liabilities have been reclassified to the current section of the balance sheet as assets and liabilities held for sale for September 30, 2002. December 31, 2001 has been restated to include Central and the soda ash operations as discontinued operations, but the assets and liabilities for Central and the soda ash operations were not reclassified to current assets and liabilities.

8. Earnings (loss) per share

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

(Dollars in millions, except per-share amounts; shares in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Income (loss) from continuing operations	$ (408.7)	$ 193.9	$ (634.0)	$ 872.8
Preferred stock dividends (see Note 14)	(6.8)	--	(83.3)	--
Income (loss) from continuing operations available to common stockholders for basic and diluted earnings per share	$ (415.5)	$ 193.9	$ (717.3)	$ 872.8
Basic weighted-average shares	516,901	502,877	516,688	489,813
Effect of dilutive securities:				
Stock options	--	3,288	--	3,999
Diluted weighted-average shares	516,901	506,165	516,688	493,812
Earnings (loss) per share from continuing operations:				
Basic	$ (.80)	$ .39	$ (1.39)	$ 1.78
Diluted	$ (.80)	$ .39	$ (1.39)	$ 1.77

Notes (Continued)

For the three and nine months ended September 30, 2002, diluted earnings (loss) per share is the same as the basic calculation. The inclusion of any stock options, convertible preferred stock and unvested deferred stock would be antidilutive as Williams reported a loss from continuing operations for these periods. As a result, approximately 7.6 thousand and 880 thousand weighted-average stock options for the three and nine months ended September 30, 2002, respectively, that otherwise would have been included, were excluded from the computation of diluted earnings per common share. Additionally, approximately 14.7 million and 10.1 million weighted-average shares for the three and nine months ended September 30, 2002, respectively, related to the assumed conversion of 9 7/8 percent cumulative convertible preferred stock and approximately 4.1 million and 3.5 million weighted average unvested deferred shares for the three and nine months ended September 30, 2002, respectively, have been excluded from the computation of diluted earnings per common share.

9. Restricted cash

Restricted cash within current assets consists primarily of cash collateral as required under the $900 million short-term Credit Agreement (see Note 11), collateral in support of a financial guarantee and letters of credit. Restricted cash within noncurrent assets consists primarily of collateral in support of surety bonds underwritten by an insurance company and letters of credit. Williams does not expect this cash to be released within the next twelve months.

The current and noncurrent restricted cash is primarily invested in short-term money market accounts with financial institutions and an insurance company as well as treasury securities. The classification of restricted cash is determined based on the expected term of the collateral requirement and not necessarily the maturity date of the underlying securities.

10. Inventories

Inventories at September 30, 2002 and December 31, 2001 are as follows:

(Millions)	September 30, 2002	December 31, 2001
Raw materials:		
Crude oil	$ 158.4	$ 117.7
Other	1.3	1.3
	159.7	119.0
Finished goods:		
Refined products	170.2	265.0
Natural gas liquids	201.8	142.6
General merchandise	19.0	14.5
	391.0	422.1
Materials and supplies	138.7	124.9
Natural gas in underground storage	128.0	136.4
Other	2.8	1.8
	$ 820.2	$ 804.2

11. Debt and banking arrangements

Secured credit facilities

In third-quarter 2002, Williams obtained a $400 million letter of credit facility, a $900 million short-term loan (discussed below) and amended its existing revolving credit facility. The $400 million letter of credit facility, which expires July 2003, and the revolving credit facility which expires July 2005, are secured by substantially all of Williams' Midstream Gas & Liquids assets and the equity of substantially all of the Midstream Gas & Liquids subsidiaries and the subsidiaries which own the refinery assets. These facilities are also guaranteed by most of Williams' subsidiaries, except for Transcontinental Gas Pipe Line, Texas Gas and Northwest Pipeline. As of September 30, 2002, Williams has $660 million of additional secured borrowing capacity available under its revolving credit facility.

Additionally, the company is no longer required to make a "no material adverse change" representation prior to borrowings under the revolving credit facility. An additional $159 million of public securities were also ratably secured with the same assets in accordance with the indentures covering those securities. Additionally, as Williams completes asset sales, the commitments from participating banks in the revolving credit facility will be reduced and various other preexisting debt will be paid down. As of September 30, 2002, the revolving credit facility commitment had been reduced to $660 million. Transcontinental Gas Pipe Line, Texas Gas and Northwest Pipeline continue as participating borrowers in this facility. Significant new covenants under these agreements include: (i) restrictions on the creation of new subsidiaries, (ii) additional restrictions on pledging assets to other creditors, (iii) a covenant that the ratio of interest expense plus cash flow to interest expense be greater than 1.5 to 1, (iv) a limit on dividends on common stock paid by Williams in any quarter of $6.25 million, (v) certain restrictions on declaration or payment of dividends on preferred stock issued after July 30, 2002, (vi) a limit on investments in others of $50 million annually, (vii) a $50 million limit on additional debt incurred by subsidiaries other than Transcontinental Gas Pipe Line, Texas Gas, Northwest Pipeline or Williams Energy Partners L.P. and (viii) modified the net debt to consolidated net worth plus net debt financial covenant to increase the threshold to 70 percent through December 30, 2002, and then after December 30, 2002 but on or before March 30, 2003 not to exceed 68 percent and after March 30, 2003 the ratio shall not exceed 65 percent.

Williams Production RMT Company (RMT), a wholly owned subsidiary, entered into a $900 million short-term Credit Agreement dated July 31, 2002, with certain lenders including a subsidiary of Lehman Brothers, Inc., a related party to Williams. The loan, reported in Notes Payable in the Consolidated Balance Sheet, is guaranteed by Williams, Williams Production Holdings LLC (Holdings) and certain RMT subsidiaries. It is also secured by the capital stock and assets of Holdings and certain of RMT's subsidiaries. The assets of RMT are comprised primarily of the assets of the former Barrett Resources Corporation acquired in 2001, which were primarily natural gas properties in the Rocky Mountain region. The loan matures on July 25, 2003, and bears interest payable quarterly at the Eurodollar rate plus 4 percent per annum (5.810 percent at September 30, 2002), plus additional interest of 14 percent per annum, which is accrued and added to the principal balance. The principal balance at September 30, 2002, was $921 million.

RMT must also pay a deferred set-up fee. The amount of the fee is dependant upon whether a majority of the fair market value of RMT's assets or a majority of its capital stock is sold (company sale) on or before the maturity date, regardless of whether the loan obligations have been repaid. If a company sale has occurred, the amount of such fee would be the greater of (x) 15 percent of the loan principal amount, and (y) 15 percent to 21 percent, depending on the timing of the company sale, of the difference between (A) the purchase price of such company sale, including the amount of any liabilities assumed by the purchaser, up to $2.5 billion, and (B) the sum of (1) the principal amount of the outstanding loans, plus (2) outstanding debt of RMT and its subsidiaries, plus (3) accrued and unpaid interest on the loans to the date of repayment. If a company sale has not occurred, the fee would be 15 percent of the loan amount. However, if a company sale occurs within three months after the maturity date, then RMT must also pay the positive difference, if any, between the fee that would have been paid had such company sale occurred prior to the maturity date and the actual fee paid on the maturity date.

Significant covenants on Holdings, RMT and certain RMT subsidiaries under the loan agreement include: (i) an interest coverage ratio of greater than 1.5 to 1, (ii) a fixed charge coverage ratio of greater than 1.15 to 1, (iii) a limitation on restricted payments, (iv) a limitation on capital expenditures in excess of $300 million and (v) a limitation on intercompany indebtedness.

Under the RMT Credit Agreements, Williams must maintain actual and projected parent liquidity (a) at any time from the closing date through the 180th day thereafter, of $600 million; (b) at any time thereafter through and including the maturity date, of $750 million; and (c) only projected liquidity for twelve months after the maturity date, of $200 million. If a default were to occur with respect to parent liquidity, RMT must be sold within 75 days. Liquidity projections must be provided weekly until the maturity date. Each projection covers a period extending 12 months from the report date. The loan is also required to be prepaid with the net cash proceeds of any sales of RMT's assets, and, in the event of a company sale, the loan is required to be prepaid in full. A prepayment or acceleration of the loan requires RMT to pay to lenders (i) a make-whole amount, and (ii) the deferred set up fee set forth above. A partial prepayment of the loan requires RMT to pay a pro rata portion of the make-whole amount and deferred set up fee.

Additionally, Williams amended certain other financing facilities and agreements totaling $1.9 billion which provided the lenders thereunder with guarantees from Williams Gas Pipeline Company, L.L.C. and Williams Production Holdings LLC and certain lenders with a ratable share of proceeds from future asset sales to reduce certain of these facilities. These facilities and agreements include the preferred interest in Castle Associates LP (Castle), $600 million of term loans, certain letters of credit, two operating lease agreements with special purpose entities, the preferred interest in Piceance Production Holdings LLC (Piceance) and the preferred interest in Snow Goose Associates, L.L.C., which is currently classified as debt. As a result of the changes to the two operating lease agreements, these leases are now reported as a capitalized leases as of September 30, 2002. Additionally, the preferred interests in Castle and Piceance are now reported as debt.

Notes (Continued)

Notes payable

In addition to the $921 million RMT note payable discussed previously, Williams has entered into various short-term credit agreements with amounts outstanding totaling $8 million at September 30, 2002. The weighted-average interest rate on these notes at September 30, 2002 was 4.65 percent. At September 30, 2002, a $411 million note payable by Williams Energy Partners L.P. (WEP) a partially owned and consolidated entity of Williams, has been reclassified to long-term debt as discussed below.

Debt

Long-term debt at September 30, 2002 and December 31, 2001, is as follows:

(Millions)	Weighted-average interest rate	September 30, 2002	December 31, 2001
Secured Debt			
Revolving credit loans	7.0%	$ 81.3	$ --
Debentures, 9.9% payable 2020	9.9	28.7	--
Notes, 8.2% - 9.45%, payable 2002-2022	9.0	265.8	--
Notes, adjustable rate, payable through 2004	3.3	13.6	--
Other	6.8	306.7	--
Unsecured Debt			
Revolving credit loans	3.3%	58.0	53.7
Commercial paper	--	--	300.0
Debentures, 6.25% - 10.25%, payable 2003 - 2031	7.4	1,547.9	1,585.4
Notes, 6.125% - 9.25%, payable through 2032(1)	7.7	9,650.8	6,510.7
Notes, adjustable rate, payable through 2004	5.3	1,381.7	1,192.9
Other	6.3	352.1	59.9
		$ 13,686.6	$ 9,702.6
Current portion of long-term debt		(1,393.0)	(999.8)
		$ 12,293.6	$ 8,702.8

(1) $400 million of 6.75% notes, payable 2016, putable/callable in 2006 and $1.1 billion of 6.5% notes payable 2007, subject to remarketing in 2004.

Williams' December 31, 2001, long-term debt included $300 million of commercial paper, $300 million of short-term debt obligations and $244 million of long-term debt obligations due within one year, which would have otherwise been classified as current, but were classified as noncurrent based on Williams' intent and ability to refinance on a long-term basis. At September 30, 2002, a $411 million note payable by WEP has been reclassified to long-term debt based on WEP's new debt agreement entered into October 2002. On October 31, 2002, Williams Pipe Line LLC, a subsidiary of WEP, and WEP, entered into a private placement debt agreement, effective October 1, 2002, with a group of financial institutions providing for the issuance of up to $200 million aggregate principal amount of Floating Rate Series A Senior Secured Notes and up to $340 million aggregate principal amount of Fixed Rate Series B Senior Secured Notes, upon satisfaction of certain conditions precedent, which will be used to refinance the note payable by WEP. As part of this agreement, WEP agreed not to redeem or retire the Class B Units held by the general partner except with equity issuance proceeds. WEP and its subsidiaries are legally separate entities from Williams and its subsidiaries, and the assets owned by WEP are generally not available for the payment of debts owed to the creditors of Williams and its subsidiaries.

Pursuant to completion of a consent solicitation during first-quarter 2002 with WCG Note Trust Note holders, Williams recorded $1.4 billion of long-term debt obligations. In July 2002, Williams acquired substantially all of the WCG Note Trust Notes by exchanging $1.4 billion of Williams Senior Unsecured 9.25 percent notes due March 2004. In November 2002, Williams acquired the remaining outstanding WCG Note Trust Notes (see Note 4).

Under the terms of Williams' revolving credit agreement (which as of September 30, 2002 had reduced to $660 million, as discussed previously), Northwest Pipeline and Transcontinental Gas Pipe Line have access to $400 million and Texas Gas Transmission has access to $200 million, while Williams (Parent) has access to all unborrowed amounts. Interest rates vary with current market conditions. At September 30, 2002, there were no amounts outstanding under this agreement. Additionally, certain Williams subsidiaries have revolving credit facilities with an available capacity of $35 million at September 30, 2002.

In March 2002, the terms of a Williams $560 million priority return structure, previously classified as preferred interest in consolidated subsidiaries, were amended. The amendment provided for the outside investor's preferred interest to be redeemed in equal quarterly installments through April 2003 (see Note 13). The interest rate varies based on LIBOR plus an applicable margin and was 2.803 percent at September 30, 2002. Through September 30, 2002, $224 million has been redeemed. Based on the new payment terms, the remaining

outstanding preferred interest of $336 million is classified as long-term debt due within one year at September 30, 2002.

In May 2002, Energy Marketing & Trading entered into an agreement which transferred the rights to certain receivables in exchange for cash. Due to the structure of the agreement, Energy Marketing & Trading accounted for this transaction as debt collateralized by the claims. The $78.7 million of debt is classified as current.

In July 2002, as discussed above, the terms of the $200 million preferred interest in Castle and the $100 million preferred interest in Piceance were amended, and the preferred interests are now reported as debt. At September 30, 2002, the Castle and Piceance notes had principal balances of $182 million and $91 million, respectively. In addition, the terms of two operating leases were amended, resulting in an increase to capitalized leases of $270 million.

In addition to the items discussed above, significant long-term debt, including capitalized leases, issuances and retirements, other than amounts under revolving credit agreements, for the nine months ended September 30, 2002 are as follows:

Issue/Terms	Due Date	Principal Amount
		(Millions)
Issuances of long-term debt in 2002:		
6.5% notes (see Note 14)	2007	$ 1,100.0
8.125% notes	2012	650.0
8.75% notes	2032	850.0
8.875% notes (Transcontinental Gas Pipe Line)	2012	325.0
Retirements/prepayments of long-term debt in 2002:		
6.125% notes(1)	2012	$ 240.0
6.2% notes	2002	350.0
8.875% notes (Transcontinental Gas Pipe Line)	2002	125.0
Adjustable rate note (Transcontinental Gas Pipe Line)	2002	150.0
Various notes, 5.1% - 9.45%	2002	193.2
Various notes, adjustable rate	2002	93.9

(1) Subject to redemption at par in 2002.

Williams' ratio of net debt to consolidated net worth plus net debt, as defined in Williams' amended revolving credit facility, was 65.8 percent at September 30, 2002.

12. 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 $151 million, including $2.2 million related to discontinued operations, for potential refund as of September 30, 2002.

Williams Energy Marketing & Trading Company (Energy Marketing & Trading) subsidiaries are engaged in power marketing in various geographic areas, including California. Prices charged for power by Williams and other traders and generators in California and other western states have been challenged in various proceedings including those before the FERC. In December 2000, the FERC issued an order which provided that, for the period between October 2, 2000 and December 31, 2002, the FERC may order refunds from Williams and other similarly situated companies if the FERC finds that the wholesale markets in California are unable to produce competitive, just and reasonable prices or that market power or other individual seller conduct is exercised to produce an unjust and unreasonable rate. Beginning on March 9, 2001, the FERC issued a series of orders directing Williams and other similarly situated companies to provide refunds for any prices charged in excess of FERC-established proxy prices in January, February, March, April and May 2001, or to provide justification for the prices charged during those months. According to these orders, Williams' total potential refund liability for January through May 2001 is approximately $30 million. Williams has filed justification for its prices with the FERC and calculated its refund liability under the methodology used by the FERC to compute refund amounts at approximately $11 million. On July 25, 2001, the FERC issued an order establishing a hearing to establish the facts necessary to determine refunds under the approved

methodology. On August 13, 2002, the FERC issued its preliminary findings as to its investigation into Western markets (discussed below), which call into question the gas price methodology established in the July 25, 2001 order. Any change from the July 25, 2001 methodology would likely result in increased refund liability for Energy Marketing & Trading. Refunds will cover the period of October 2, 2000 through June 20, 2001. They will be paid as offsets against outstanding bills and are inclusive of any amounts previously noticed for refund for that period. Absent a change in the gas price methodology, the judge presiding over the refund proceedings is expected to issue his findings in November 2002. The FERC will subsequently issue a refund order based on these findings.

In an order issued June 19, 2001, the FERC implemented a revised price mitigation and market monitoring plan for wholesale power sales by all suppliers of electricity, including Williams, in spot markets for a region that includes California and ten other western states (the "Western Systems Coordinating Council," or "WSCC"). In general, the plan, which was in effect from June 20, 2001 through September 30, 2002, established a market clearing price for spot sales in all hours of the day that was based on the bid of the highest-cost gas-fired California generating unit that was needed to serve the Independent System Operator's (ISO's) load. When generation operating reserves fell below seven percent in California (a "reserve deficiency period"), absent cost-based justification for a higher price, the maximum price that Williams may charge for wholesale spot sales in the WSCC was the market clearing price. When generation operating reserves rise to seven percent or above in California, absent cost-based justification for a higher price, Williams' maximum price was limited to 85 percent of the highest hourly price that was in effect during the most recent reserve deficiency period. This methodology initially resulted in a maximum price of $92 per megawatt hour during non-emergency periods and $108 per megawatt hour during emergency periods, and these maximum prices remained unchanged throughout summer and fall 2001. Revisions to the plan for the post-September 30, 2002, period were provided on July 17, 2002 as discussed below.

On December 19, 2001, the FERC reaffirmed its June 19 and July 25 orders with certain clarifications and modifications. It also altered the price mitigation methodology for spot market transactions for the WSCC market for the winter 2001 season and set the period maximum price at $108 per megawatt hour through April 30, 2002. Under the order, this price would be subject to being recalculated when the average gas price rises by a minimum factor of ten percent effective for the following trading day, but in no event will the maximum price drop below $108 per megawatt hour. The FERC also upheld a ten percent addition to the price applicable to sales into California to reflect credit risk. On July 9, 2002 the ISO's operating reserve levels dropped below seven percent for a full operating hour, during which the ISO declared a Stage 1 System Emergency resulting in a new Market Clearing Price cap of $57.14/MWh under the FERC's rules. On July 11, 2002, the FERC issued an order that the existing price mitigation formula be replaced with a hard price cap of $91.87/MWh for spot markets operated in the West (which is the level of price mitigation that existed prior to the July 9, 2002, events that reduced the cap), to be effective July 12, 2002. The cap will expire when the currently effective West-wide mitigation plan expires on September 30, 2002.

On July 17, 2002, the FERC issued its first order on the California ISO's proposed market redesign. Key elements of the order include (1) maintaining indefinitely the current must-offer obligation across the West; (2) the adoption of Automatic Mitigation Procedures (AMP) to identify and limit excessive bids and local market power within California, (bids less than $91.87/MWh will not be subject to AMP); (3) a West-wide spot market bid cap of $250/MWh, beginning October 1, 2002, and continuing indefinitely; (4) required the ISO to expedite the following market design elements and requiring them to be filed by October 21, 2002: (a) creation of an integrated day-ahead market; (b) ancillary services market reforms; and (c) hour-ahead and real-time market reforms; and (5) the development of locational marginal pricing (LMP).

The California Public Utilities Commission (CPUC) filed a complaint with the FERC on February 25, 2002, seeking to void or, alternatively, reform a number of the long-term power purchase contracts entered into between the State of California and several suppliers in 2001, including Energy Marketing & Trading. The CPUC alleges that the contracts are tainted with the exercise of market power and significantly exceed "just and reasonable" prices. The Electricity Oversight Board made a similar filing on February 27, 2002. The FERC set the complaint for hearing on April 25, 2002, but held the hearing in abeyance pending settlement discussions before a FERC judge. The FERC also ordered that the higher public interest test will apply to the contracts. The FERC commented that the state has a very heavy burden to carry in proving its case. On July 17, 2002, the FERC denied rehearing of the April 25, 2002, order that set for hearing California's challenges to the long-term contracts entered into between the state and several suppliers, including Energy Marketing & Trading. Energy Marketing & Trading will appeal the order. The settlement discussions noted above have resulted in Williams reaching a global settlement entering into a settlement agreement with the State of California that includes a renegotiated long-term energy contract. This contract is made up of a combination of block energy sales, dispatchable products and a gas contract. The original contract contained only block energy sales. The settlement will also resolve complaints brought by the California Attorney General against Williams that are discussed below and the State of California's refund claims that are discussed above. Pursuant to the settlement, Williams also will provide consideration of $147 million over eight years and six gas powered electric turbines. In addition, the Settlement is intended to resolve ongoing investigations by the States of California, Oregon and Washington. The settlement was reduced to writing and executed on November 11, 2002. The settlement terms are scheduled to become effective on December 31, 2002, subject to approval by various courts and the FERC at the completion of due diligence by the California Attorney General. If

this due diligence uncovers previously unknown and illegal acts, the Attorney
General may terminate the agreement.

On May 2, 2002, PacifiCorp filed a complaint against Energy Marketing & Trading seeking relief from rates contained in three separate confirmation agreements between PacifiCorp and Energy Marketing & Trading (known as the Summer 2002 90-Day Contracts). PacifiCorp filed similar complaints against three other suppliers. PacifiCorp alleges that the rates contained in the contracts are unjust and unreasonable. Energy Marking & Trading filed its answer on May 22, 2002, requesting that the FERC reject the complaint and deny the relief sought. On June 28, 2002, the FERC set PacifiCorp's complaints for hearing, but held the hearing in abeyance pending the outcome of settlement judge proceedings. If the case goes to hearing, the FERC stated that PacifiCorp will bear a heavy burden of proving that the extraordinary remedy of contract modification is justified. The FERC set a refund effective date of July 1, 2002. Should the matter go to hearing, a final decision should be issued by May 31, 2003.

Certain entities have also asked the FERC to revoke Williams' authority to sell power from California-based generating units at market-based rates to limit Williams to cost-based rates for future sales from such units and to order refunds of excessive rates, with interest, retroactive to May 1, 2000, and possibly earlier.

On March 14, 2001, the FERC issued a Show Cause Order directing Energy Marketing & Trading and AES Southland, Inc. to show cause why they should not be found to have engaged in violations of the Federal Power Act and various agreements, and they were directed to make refunds in the aggregate of approximately $10.8 million, and have certain conditions placed on Williams' market-based rate authority for sales from specific generating facilities in California for a limited period. On April 30, 2001, the FERC issued an Order approving a settlement of this proceeding. The settlement terminated the proceeding without making any findings of wrongdoing by Williams. Pursuant to the settlement, Williams agreed to refund $8 million to the ISO by crediting such amount against outstanding invoices. Williams also agreed to prospective conditions on its authority to make bulk power sales at market-based rates for certain limited facilities under which it has call rights for a one-year period. Williams also has been informed that the facts underlying this proceeding are also under investigation by a California Grand Jury.

On September 27, 2001, the FERC issued a Notice of Proposed Rulemaking (NOPR) proposing to adopt uniform standards of conduct for transmission providers. The proposed rules define transmission providers as interstate natural gas pipelines and public utilities that own, operate or control electric transmission facilities. The proposed standards would regulate the conduct of transmission providers with their energy affiliates. The FERC proposes to define energy affiliates broadly to include any transmission provider affiliate that engages in or is involved in transmission (gas or electric) transactions, or manages or controls transmission capacity, or buys, sells, trades or administers natural gas or electric energy or engages in financial transactions relating to the sale or transmission of natural gas or electricity. Current rules affecting Williams regulate the conduct of Williams' natural gas pipelines and their natural gas marketing affiliates. The FERC invited interested parties to comment on the NOPR. On April 25, 2002, the FERC issued its staff analysis of the NOPR and the comments received. The staff analysis proposes redefining the definition of energy affiliates to exclude affiliated transmission providers. On May 21, 2002, the FERC held a public conference concerning the NOPR and the FERC invited the submission of additional comments. If adopted, these new standards would require the adoption of new compliance measures by certain Williams subsidiaries.

On July 17, 2002, the FERC issued a Notice of Inquiry to seek comments on its negotiated rate policies and practices. The FERC states that it is undertaking a review of the recourse rate as a viable alternative and safeguard against the exercise of market power of interstate gas pipelines, as well as the entire spectrum of issues related to its negotiated rate program. The FERC requested that interested parties respond to various questions related to the FERC's negotiated rate policies and practices. Williams' Gas Pipeline companies have negotiated rates under the FERC's existing negotiated rate programs and participated in comments filed in this proceeding by Williams in support of the FERC's existing negotiated rate program.

On August 1, 2002, the FERC issued a NOPR that proposes restrictions on the type of cash management program employed by Williams and its subsidiaries. In addition to stricter guidelines regarding the accounting for and documentation of cash management or cash pooling programs, the FERC proposal, if made final, would preclude public utilities, natural gas companies and oil pipeline companies from participating in such programs unless the parent company and its FERC-regulated affiliate maintain investment-grade credit ratings and that the FERC-regulated affiliate maintain stockholders equity of at least 30 percent of total capitalization. Williams' and its regulated gas pipelines' current credit ratings are not investment grade. Williams participated in comments in this proceeding on August 28, 2002 by the Interstate Natural Gas Association of America. On September 25, 2002, the FERC convened a technical conference to discuss the issues raised in the comments filed by parties in this proceeding.

On February 13, 2002, the FERC issued an Order Directing Staff Investigation commencing a proceeding titled Fact-Finding Investigation of Potential Manipulation of Electric and Natural Gas Prices. Through the investigation, the FERC intends to determine whether "any entity, including Enron Corporation (Enron) (through any of its affiliates or subsidiaries), manipulated short-term prices for electric energy or natural gas in the West or otherwise exercised undue influence over wholesale electric prices in the West, since January 1, 2000, resulting in potentially unjust and unreasonable rates in long-term power sales contracts subsequently entered into by sellers in the West."

This investigation does not constitute a Federal Power Act complaint, rather, the results of the investigation will be used by the FERC in any existing or subsequent Federal Power Act or Natural Gas Act complaint. The FERC Staff is directed to complete the investigation as soon as "is practicable." Williams, through many of its subsidiaries, is a major supplier of natural gas and power in the West and, as such, anticipates being the subject of certain aspects of the investigation. Williams is cooperating with all data requests received in this proceeding. On May 8, 2002, Williams received an additional set of data requests from the FERC related to a recent disclosure by Enron of certain trading practices in which it may have been engaged in the California market. On May 21, and May 22, 2002, the FERC supplemented the request inquiring as to "wash" or "round trip" transactions. Williams responded on May 22, 2002, May 31, 2002, and June 5, 2002, to the data requests. On June 4, 2002, the FERC issued an order to Williams to show cause why its market-based rate authority should not be revoked as the FERC found that certain of Williams' responses related to the Enron trading practices constituted a failure to cooperate with the staff's investigation. Williams subsequently supplemented its responses to address the show cause order. On July 26, 2002, Williams received a letter from the FERC informing Williams that it had reviewed all of Williams' supplemental responses and concluded that Williams responded to the initial May 8, 2002 request.

In response to an article appearing in the New York Times on June 2, 2002, containing allegations by a former Williams employee that it had attempted to "corner" the natural gas market in California, and at Williams' invitation, the FERC is conducting an investigation into these allegations. Also, the Commodity Futures Trading Commission (CFTC) is conducting an investigation regarding gas and power trading in Western markets and has requested information from Williams in connection with this investigation. In conjunction with this investigation, Williams disclosed on October 25, 2002, that certain of its gas traders had reported inaccurate information to a trade publication that published gas price indices. Williams' and the CFTC's investigation into this matter is continuing.

On May 31, 2002, Williams received a request from the Securities and Exchange Commission (SEC) to voluntarily produce documents and information regarding any prearranged or contemporaneous buy and sell ("round-trip") trades for gas or power from January 1, 2000, to the present in the United States. On June 24, 2002, the SEC made an additional request for information including a request that Williams address the amount of Williams' credit, prudency and/or other reserves associated with its energy trading activities and the methods used to determine or calculate these reserves. The June 24, 2002, request also requested Williams' volumes, revenues, and earnings from its energy trading activities in the Western U.S. market. Williams has responded to the SEC's requests.

On March 20, 2002, the California Attorney General filed a complaint with the FERC alleging that Williams and all other sellers of power in California have failed to comply with federal law requiring the filing of rates and charges for power. While the FERC rejected the complaint that the market-based rate filing requirements violate the Federal Power Act, it directed the refiling of quarterly reports for periods after October 2000 to include transaction specific information.

On July 3, 2002, the ISO announced fines against several energy producers including Williams, for failure to deliver electricity in 2001 as required. The ISO fined Williams $25.5 million, which will be offset against Williams' claims for payment from the ISO. Williams believes the vast majority of fines are not justified and has challenged the fines pursuant to the FERC - approved process contained in the ISO tariff.

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 September 30, 2002, these subsidiaries had accrued liabilities totaling approximately $32 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 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 September 30, 2002, Central had

accrued a liability for approximately $8 million, which is included in discontinued operations and represents the current estimate of future environmental cleanup costs to be incurred over the next six to ten years. Texas Gas and Transcontinental Gas Pipe Line likewise had accrued liabilities for these costs which are included in the $32 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.

In addition to its Gas Pipelines, Williams and its subsidiaries also accrue 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, Williams owns a discontinued petroleum refining facility that is being evaluated for potential remediation efforts. At September 30, 2002, Williams and its subsidiaries had accrued liabilities totaling approximately $43 million for these costs. Williams and its subsidiaries accrue 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 September 30, 2002, Williams and its subsidiaries had accrued receivables totaling $1 million.

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 September 30, 2002, Williams had approximately $10 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.

On July 2, 2001, the EPA issued an information request asking for information on oil releases and discharges in any amount from Williams' pipelines, pipeline systems, and pipeline facilities used in the movement of oil or petroleum products, during the period from July 1, 1998 through July 2, 2001. In November 2001, Williams furnished its response.

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 another case, 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. In addition, through December 31, 2001, post-judgment interest was approximately $10.5 million. Transcontinental Gas Pipe Line's appeals were denied by the Texas Court of Appeals for the First District of Texas, and on April 2, 2001, the company filed an appeal to the Texas Supreme Court. On February 21, 2002, the Texas Supreme Court denied Transcontinental Gas Pipe Line's petition for review. As a result, Transcontinental Gas Pipe Line recorded a fourth-quarter 2001 pre-tax charge to income (loss) for the year ended December 31, 2001, in the amount of $37 million ($18 million was included in Gas Pipeline's segment profit and $19 million in interest accrued) representing management's estimate of the effect of this ruling. Transcontinental Gas Pipe Line filed a motion for rehearing which was denied, thereby concluding this matter. In May 2002, Transcontinental Gas Pipe Line paid Texaco the amount of the judgment plus accrued interest. In the two remaining cases, producers have asserted damages, including interest calculated through December 31, 2001, of $16.3 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 the FERC Order 528.

On June 8, 2001, fourteen Williams entities were named as defendants in a nationwide class action lawsuit which has been pending against other defendants, generally pipeline and gathering companies, for more than one year. The plaintiffs allege that the defendants, including the Williams defendants, have engaged in mismeasurement techniques that distort the heating content of natural gas, resulting in an alleged underpayment of royalties to the class of producer plaintiffs. In September 2001, the plaintiffs voluntarily dismissed two of the fourteen Williams entities named as defendants in the lawsuit. In November 2001, Williams, along with other "Coordinating Defendants", filed a motion to dismiss on nonjurisdictional grounds. In January 2002, most of the Williams defendants, along with a group of Coordinating Defendants, filed a motion to dismiss for lack of personal

jurisdiction. On August 19, 2002, the defendants' motion to dismiss on nonjurisdictional grounds was denied. On September 17, 2002, the plaintiffs filed a motion for class certification. In the next several months, the Williams entities will join with other defendants in contesting certification of the plaintiff class.

In 1998, the United States Department of Justice (DOJ) 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. In connection with its sale of Kern River, the Company agreed to indemnify the purchaser for liability relating to this claim. 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, royalty valuation 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 DOJ 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 those filed against Williams, to the United States District Court for the District of Wyoming for pre-trial purposes. On October 9, 2002, the court granted a motion to dismiss Grynberg's royalty valuation claims. Grynberg's measurement claims remain pending against Williams and the other defendants.

On August 6, 2002, Jack J. Grynberg, and Celeste C. Grynberg, Trustee on Behalf of the Rachel Susan Grynberg Trust, and the Stephen Mark Grynberg Trust, served The Williams Companies and Williams Production RMT Company with a complaint in the District Court in and for the City of Denver, State of Colorado. The complaint alleges that the defendants have used mismeasurement techniques that distort the BTU heating content of natural gas, resulting in the alleged underpayment of royalties to Grynberg and other independent natural gas producers. The complaint also alleges that defendants inappropriately took deductions from the gross value of their natural gas and made other royalty valuation errors. Theories for relief include breach of contract, breach of implied covenant of good faith and fair dealing, anticipatory repudiation, declaratory relief, equitable accounting, civil theft, deceptive trade practices, negligent misrepresentation, deceit based on fraud, conversion, breach of fiduciary duty, and violations of the state racketeering statute. Plaintiff is seeking actual damages of between $2 million and $20 million based on interest rate variations, and punitive damages in the amount of approximately $1.4 million dollars. On October 7, 2002, the Williams defendants filed a motion to stay the proceedings in this case based on the pendency of the False Claims Act litigation discussed in the preceding paragraph.

Williams and certain of its subsidiaries 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 landowners. Williams and its subsidiaries were dismissed from all of the cases, except one. The parties in the only remaining case in which Williams or its subsidiaries are named as defendants have reached a settlement in principle and are in the process of drafting the settlement documents. The settlement does not obligate Williams or its subsidiaries to pay any monies to the remaining plaintiff.

In November 2000, class actions were filed in San Diego, California Superior Court by Pamela Gordon and Ruth Hendricks on behalf of San Diego rate payers against California power generators and traders including Williams Energy Services Company and Energy Marketing & Trading, subsidiaries of Williams. Three municipal water districts also filed a similar action on their own behalf. Other class actions have been filed on behalf of the people of California and on behalf of commercial restaurants in San Francisco Superior Court. These lawsuits result from the increase in wholesale power prices in California that began in the summer of 2000. Williams is also a defendant in other litigation arising out of California energy issues. The suits claim that the defendants acted to manipulate prices in violation of the California antitrust and unfair business practices statutes and other state and federal laws. Plaintiffs are seeking injunctive relief as well as restitution, disgorgement, appointment of a receiver, and damages, including treble damages. These cases have all been coordinated in San Diego County Superior Court.

On May 2, 2001, the Lieutenant Governor of the State of California and Assemblywoman Barbara Matthews, acting in their individual capacities as members of the general public, filed suit against five companies and fourteen executive officers, including Energy Marketing & Trading and Williams' then current officers Keith Bailey, Chairman and CEO of Williams, Steve Malcolm, President and CEO of Williams Energy Services and an Executive Vice President of Williams, and Bill Hobbs, Senior Vice President of Williams Energy Marketing & Trading, in Los Angeles Superior State Court alleging State Antitrust and Fraudulent and Unfair Business Act Violations and seeking injunctive and declaratory relief, civil fines, treble damages and other relief, all in an unspecified amount. This case is being coordinated with the other class actions in San Diego Superior Court.

On May 17, 2001, the DOJ advised Williams that it had commenced an antitrust investigation relating to an agreement between a subsidiary of Williams and AES Southland alleging that the agreement limits the expansion of electric generating capacity at or near the AES Southland plants that are subject to a long-term tolling agreement between Williams and AES Southland. In connection with that investigation, the DOJ has issued two Civil Investigative Demands to Williams requesting answers to certain interrogatories and the production of documents. Williams is cooperating with the investigation. On November 13, 2002, the DOJ formally notified Williams that it had terminated this investigation without any recommended action against Williams or AES.

On November 8, 2002, Williams received a subpoena from a federal grand jury in northern California seeking documents related to Williams' involvement in California power markets. The subpoena also questions Williams' reporting to trade publications for both gas and power.

On October 5, 2001, a suit was filed on behalf of California taxpayers and electric ratepayers in the Superior Court for the County of San Francisco against the Governor of California and 22 other defendants consisting of other state officials, utilities and generators, including Energy Marketing & Trading. The suit alleges that the long-term power contracts entered into by the state with generators are illegal and unenforceable on the basis of fraud, mistake, breach of duty, conflict of interest, failure to comply with law, commercial impossibility and change in circumstances. Remedies sought include rescission, reformation, injunction, and recovery of funds. Private plaintiffs have also brought five similar cases against Williams and others on similar grounds. These suits have all been removed to federal court, and plaintiffs are seeking to remand the cases to state court.

On March 11, 2002, the California Attorney General filed a civil complaint in San Francisco Superior Court against Williams and three other sellers of electricity alleging unfair competition relating to sales of ancillary power services between 1998 and 2000. The complaint seeks restitution, disgorgement and civil penalties of approximately $150 million in total. This case has been removed to federal court. On April 9, 2002, the California Attorney General filed a civil complaint in San Francisco Superior Court against Williams and three other sellers of electricity alleging unfair and unlawful business practices related to charges for electricity during and after 2000. The maximum penalty for each violation is $2,500 and the complaint seeks a total fine in excess of $1 billion. These cases have been removed to federal court. Motions to remand have been denied. Finally, the California Attorney General has indicated he may file a Clayton Act complaint against AES Southland and Williams relating to AES Southland's acquisition of Southern California generation facilities in 1998, tolled by Williams. Williams believes the complaints against it are without merit.

Numerous shareholder class action suits have been filed against Williams in the United States District Court for the Northern District of Oklahoma. The majority of the suits allege that Williams and co-defendants, WCG and certain corporate officers, have acted jointly and separately to inflate the stock price of both companies. Other suits allege similar causes of action related to a public offering in early January 2002, known as the FELINE PACS offering. These cases were filed against Williams, certain corporate officers, all members of the Williams board of directors and all of the offerings' underwriters. These cases have all been consolidated and an order has been issued requiring separate amended consolidated complaints by Williams and Williams Communications equity holders. The amended complaint of the WCG securities holders was filed on September 27, 2002, and the amended complaint of the WMB securities holders was filed on October 7, 2002. Williams will be filing separate responsive pleadings in each proceeding. In addition, four class action complaints have been filed against Williams and the members of its board of directors under the Employee Retirement Income Security Act by participants in Williams' 401(k) plan. A motion to consolidate these suits has been approved. Derivative shareholder suits have been filed in state court in Oklahoma, all based on similar allegations. On August 1, 2002, a motion to consolidate and a motion to stay these suits pending action by the federal court in the shareholder suits was approved.

The U.S. Trustee selected Williams to serve on the Official Committee of Unsecured Creditors in the WCG bankruptcy. At its initial meeting, the committee formed a subcommittee of the creditors committee, which excludes Williams, to investigate what rights and remedies, if any, the creditors may have against Williams relating to its dealings with WCG. Williams has entered into an agreement with WCG in which Williams agreed not to object to a plan of reorganization submitted by WCG in its bankruptcy if that plan provides (i) for WCG to assume its obligations under certain service agreements and the sale leaseback transaction with Williams and (ii) for Williams' other claims to be treated as general unsecured claims with treatment substantially identical to the treatment of claims by WCG's bondholders. This matter is discussed more fully in Note 4.

On April 26, 2002, the Oklahoma Department of Securities issued an order initiating an investigation of Williams and WCG regarding issues associated with the spin-off of WCG and regarding the WCG bankruptcy. Williams has committed to cooperate fully in the investigation.

On November 30, 2001, Shell Offshore, Inc. filed a complaint at the FERC against Williams Gas Processing - Gulf Coast Company, L.P. (WGP), Williams Field Services Company (WFS) and Transcontinental Gas Pipe Line Corporation (Transco), alleging concerted actions by the affiliates frustrating the FERC's regulation of Transco. The alleged actions are related to offers of gathering service by WFS and its subsidiaries on the recently spundown and deregulated offshore pipeline system, the North Padre Island gathering system. By order of the FERC, the matter was heard before an administrative law judge in April 2002. On June

4, 2002, the administrative law judge

issued an initial decision finding that the affiliates acted in concert to frustrate the FERC's regulation of Transco and recommending that the FERC reassert jurisdiction over the North Padre Island gathering system. Transco, WGP and WFS believe their actions were reasonable and lawful and submitted briefs taking exceptions to the initial decision. On September 5, 2002, the FERC issued an order reasserting jurisdiction over that portion of the North Padre Island facilities previously transferred to WFS. The FERC also determined an unbundled gathering rate for service on these facilities which is to be collected by Transco. Transco and WFS have sought rehearing of the FERC's order.

On October 23, 2002 Western Gas Resources, Inc. and its subsidiary, Lance Oil and Gas Company, Inc. filed suit against Williams Production RMT Company in District Court for Sheridan, Wyoming, claiming that the merger of Barrett Resources Corporation and Williams triggered a preferential right to purchase a portion of the coal bed methane development properties owned by Barrett in the Powder River Basin of northeastern Wyoming. In addition, Western claims that the merger triggered certain rights of Western to replace Barrett as operator of those properties. Mediation efforts were not successful in revolving the dispute. The Company believes that the claims have no merit.

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

Enron and certain of its subsidiaries, with whom Energy Marketing & Trading and other Williams subsidiaries have had commercial relations, filed a voluntary petition for Chapter 11 reorganization under the U.S. Bankruptcy Code in the Federal District Court for the Southern District of New York on December 2, 2001. Additional Enron subsidiaries have subsequently filed for Chapter 11 protection. Williams has filed its proofs of claim prior to the court-ordered October 15, 2002, bar date. During fourth-quarter 2001, Energy Marketing & Trading recorded a total decrease to revenues of approximately $130 million as a part of its valuation of energy commodity and derivative trading contracts with Enron entities, approximately $91 million of which was recorded pursuant to events immediately preceding and following the announced bankruptcy of Enron. Other Williams subsidiaries recorded approximately $5 million of bad debt expense related to amounts receivable from Enron entities in fourth-quarter 2001, reflected in selling, general and administrative expenses. At December 31, 2001, Williams has reduced its recorded exposure to accounts receivable from Enron entities, net of margin deposits, to expected recoverable amounts. During first-quarter 2002, Energy Marketing & Trading sold rights to certain Enron receivables to a third party in exchange for $24.5 million in cash. The $24.5 million was recorded within the trading revenues in first-quarter 2002.

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 it the right to receive fuel conversion services as well as certain other services associated with electric generation facilities that are either currently in operation or are to be constructed at various locations throughout the continental United States. At September 30, 2002, annual estimated committed payments under these contracts range from approximately $60 million to $462 million, resulting in total committed payments over the next 20 years of approximately $8 billion.

13. Preferred interests in consolidated subsidiaries

In December 2000, Williams formed two separate legal entities, Snow Goose Associates, L.L.C. (Snow Goose) and Arctic Fox Assets, L.L.C. (Arctic Fox) for the purpose of generating funds to invest in certain Canadian energy-related assets. An outside investor contributed $560 million in exchange for the non-controlling preferred interest in Snow Goose. The investor in Snow Goose is entitled to quarterly priority distributions. The initial priority return structure was originally scheduled to expire in December 2005.

During first-quarter 2002, the terms of the priority return were amended. Significant terms of the amendment include elimination of covenants regarding Williams' credit ratings, modifications of certain Canadian interest coverage covenants and a requirement to amortize the outside investor's preferred interest with equal principal payments due each quarter and the final payment in April 2003. In addition, Williams provided a financial

guarantee of the Arctic Fox note payable to Snow Goose which, in turn, is the source of the priority returns. Based on the terms of the amendment, the remaining balance due is classified as long-term debt due within one year on Williams' Consolidated Balance Sheet at September 30, 2002. Priority returns prior to this amendment are included in preferred returns and minority interest in income of consolidated subsidiaries on the Consolidated Statement of Operations.

Following the downgrades in Williams' credit ratings in July 2002, the $135 million preferred interest in Williams Risk Holdings L.L.C. was redeemed. Additionally, terms of the $200 million preferred interest in Castle Associates L.P. and the $100 million preferred interest in Piceance Production Holdings LLC were amended and as a result the $200 million and $100 million, respectively, are classified as debt at September 30, 2002.

14. Stockholders' equity

Concurrent with the sale of Kern River to MidAmerican Energy Holdings Company (MEHC), Williams issued approximately 1.5 million shares of 9 7/8 percent cumulative convertible preferred stock to MEHC for $275 million. The terms of the preferred stock allow the holder to convert, at any time, one share of preferred stock into 10 shares of Williams common stock at $18.75 per share. Preferred shares have a liquidation preference equal to the stated value of $187.50 per share plus any dividends accumulated and unpaid. Dividends on the preferred stock are payable quarterly.

Preferred dividends for the nine months ended September 30, 2002, include $69.4 million associated with the accounting for a preferred security that contains a conversion option that is beneficial to the purchaser at the time the security was issued. This is accounted for as a noncash dividend (reduction to retained earnings) and results from the conversion price being less than the market price of Williams common stock on the date the preferred stock was issued. The reduction in retained earnings was offset by an increase in capital in excess of par value.

In January 2002, Williams issued $1.1 billion of 6.5 percent notes payable 2007 which are subject to remarketing in 2004. Attached to these notes is an equity forward contract requiring the holder to purchase Williams common stock at the end of three years. The note and equity forward contract are bundled as units, called FELINE PACS, and were sold in a public offering for $25 per unit. At the end of three years, the holder is required to purchase for $25, one share of Williams common stock provided the average price of Williams common stock does not exceed $41.25 per share for a 20 trading day period prior to settlement. If the average price over that period exceeds $41.25 per share, the number of shares issued in exchange for $25 will be equal to one share multiplied by the quotient of $41.25 divided by the average price over that period.

Notes (Continued)

15. Comprehensive income (loss)

Comprehensive income (loss) is as follows:

(Millions)	Three months ended September 30, 2002	Three months ended September 30, 2001	Nine months ended September 30, 2002	Nine months ended September 30, 2001
Net income (loss)	$ (294.1)	$ 221.3	$ (535.5)	$ 760.0
Other comprehensive income (loss):				
Unrealized gains (losses) on securities	(.9)	(18.1)	(.1)	(71.3)
Realized (gains) losses on securities reclassified to net income	--	20.3	--	(.4)
Cumulative effect of a change in accounting for derivative instruments	--	--	--	(153.4)
Unrealized gains (losses) on derivative instruments	106.6	408.5	(82.3)	865.6
Net reclassification into earnings of derivative instrument (gains) losses	(62.9)	(120.3)	(263.7)	(74.6)
Foreign currency translation adjustments	(19.5)	(11.6)	.2	(36.0)
Other comprehensive income (loss) before taxes and minority interest	23.3	278.8	(345.9)	529.9
Income tax benefit (provision) on other comprehensive income (loss)	(16.0)	(112.1)	132.0	(212.2)
Minority interest in other comprehensive income (loss)	--	--	--	10.0
Other comprehensive income (loss)	7.3	166.7	(213.9)	327.7
Comprehensive income (loss)	$ (286.8)	$ 388.0	$ (749.4)	$ 1,087.7

Components of other comprehensive income (loss) before minority interest and taxes related to discontinued operations are as follows:

(Millions)	Three months ended September 30, 2002	Three months ended September 30, 2001	Nine months ended September 30, 2002	Nine months ended September 30, 2001
Unrealized gains (losses) on securities	$ --	$ --	$ --	$ (56.2)
Realized gains on securities reclassified to net income	--	--	--	(20.7)
Foreign currency translation adjustments	--	--	--	(22.1)
Other comprehensive income (loss) before minority interest and taxes related to discontinued operations	$ --	$ --	$ --	$ (99.0)

Notes (Continued)

16. Segment disclosures

Segments and reclassification of operations

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 corporate operations.

Effective July 1, 2002, management of certain operations previously conducted by Energy Marketing & Trading, International and Petroleum Services was transferred to Midstream Gas & Liquids. These operations included natural gas liquids trading, activities in Venezuela and a petrochemical plant, respectively. Segment amounts have been restated to reflect these changes.

On April 11, 2002, Williams Energy Partners L.P., a partially owned and consolidated entity of Williams, acquired Williams Pipe Line, an operation previously included within Petroleum Services. Accordingly, Williams Pipe Line's operations have been transferred from the Petroleum Services segment to the Williams Energy Partners segment for which segment information has been restated for all prior periods presented.

Segments - Performance measurement

Williams currently evaluates performance based upon segment profit (loss) from operations which includes revenues from external and internal customers, operating costs and expenses, depreciation, depletion and amortization, equity earnings (losses) and income (loss) from investments including gains/losses on impairments related to investments accounted for under the equity method. Intersegment sales are generally accounted for as if the sales were to unaffiliated third parties, that is, at current market prices.

In first-quarter 2002, Williams began managing its interest rate risk on an enterprise basis by the corporate parent. The more significant of these risks relate to its debt instruments and its energy risk management and trading portfolio. To facilitate the management of the risk, entities within Williams may enter into derivative instruments (usually swaps) with the corporate parent. The level, term and nature of derivative instruments entered into with external parties are determined by the corporate parent. Energy Marketing & Trading has entered into intercompany interest rate swaps with the corporate parent, the effect of which is included in Energy Marketing & Trading's segment revenues and segment profit (loss) as shown in the reconciliation within the following tables. The results of interest rate swaps with external counterparties are shown as interest rate swap loss in the Consolidated Statement of Operations below operating income (loss).

The majority of energy commodity hedging by certain Williams' business units is done through intercompany derivatives with Energy Marketing & Trading which, in turn, enters into offsetting derivative contracts with unrelated third parties. Energy Marketing & Trading bears the counterparty performance risks associated with unrelated parties.

The decrease in Energy Marketing & Trading's total assets, as reflected on page 30, is due primarily to a decline in the fair value of the energy risk management and trading portfolio.

The following tables reflect the reconciliation of revenues and operating income (loss) as reported in the Consolidated Statement of Operations to segment revenues and segment profit (loss).

Notes (Continued)

16. Segment disclosures (continued)

	Energy Marketing & Trading	Gas Pipeline	Exploration & Production	Midstream Gas & Liquids	Williams Energy Partners	Petroleum Services
THREE MONTHS ENDED SEPTEMBER 30, 2002						
Segment revenues:						
External	$ (.4)	$ 362.7	$ 16.5	$ 469.2	$ 92.8	$ 1,157.3
Internal	(289.8)*	18.7	202.8	32.6	14.7	13.6
Total segment revenues	(290.2)	381.4	219.3	501.8	107.5	1,170.9
Less intercompany interest rate swap gain (loss)	(71.0)	--	--	--	--	--
Total revenues	$ (219.2)	$ 381.4	$ 219.3	$ 501.8	$ 107.5	$ 1,170.9
Segment profit (loss)	$ (387.6)	$ 172.6	$ 231.8	$ 104.0	$ 13.4	$ (406.2)
Less:						
Equity earnings (loss)	--	11.6	1.5	7.3	--	(.1)
Income (loss) from investments	--	(2.7)	--	--	--	(.7)
Intercompany interest rate swap gain (loss)	(71.0)	--	--	--	--	--
Segment operating income (loss)	$ (316.6)	$ 163.7	$ 230.3	$ 96.7	$ 13.4	$ (405.4)
General corporate expenses						
Consolidated operating income (loss)						
THREE MONTHS ENDED SEPTEMBER 30, 2001						
Segment revenues:						
External	$ 618.4	$ 324.3	$ 55.9	$ 361.1	$ 90.5	$ 1,267.8
Internal	(125.3)*	10.8	104.7	53.8	20.3	14.1
Total segment revenues	493.1	335.1	160.6	414.9	110.8	1,281.9
Less intercompany interest rate swap gain (loss)	--	--	--	--	--	--
Total revenues	$ 493.1	$ 335.1	$ 160.6	$ 414.9	$ 110.8	$ 1,281.9
Segment profit (loss)	$ 356.9	$ 101.8	$ 65.0	$ 69.5	$ 27.1	$ 42.4
Less:						
Equity earnings (loss)	(.3)	11.9	4.9	1.3	--	--
Income (loss) from investments	(23.3)	--	--	--	--	--
Intercompany interest rate swap gain (loss)	--	--	--	--	--	--
Segment operating income (loss)	$ 380.5	$ 89.9	$ 60.1	$ 68.2	$ 27.1	$ 42.4
General corporate expenses						
Consolidated operating income (loss)						

	International	Other	Eliminations	Total
THREE MONTHS ENDED SEPTEMBER 30, 2002				
Segment revenues:				
External	$ .7	$ 5.1	$ --	$ 2,103.9
Internal	--	9.7	(2.3)	--
Total segment revenues	.7	14.8	(2.3)	2,103.9
Less intercompany interest rate swap gain (loss)	--	--	71.0	--
Total revenues	$ .7	$ 14.8	$ (73.3)	$ 2,103.9
Segment profit (loss)	$ 53.1	$ (3.5)	$ --	$ (222.4)
Less:				
Equity earnings (loss)	(1.4)	.2	--	19.1
Income (loss) from investments	58.5	--	--	55.1
Intercompany interest rate swap gain (loss)	--	--	--	(71.0)
Segment operating income (loss)	$ (4.0)	$ (3.7)	$ --	$ (225.6)
General corporate expenses				(44.1)
Consolidated operating income (loss)				$ (269.7)
THREE MONTHS ENDED SEPTEMBER 30, 2001				
Segment revenues:				
External	$ 1.1	$ 8.2	$ --	$ 2,727.3
Internal	--	9.7	(88.1)	--
Total segment revenues	1.1	17.9	(88.1)	2,727.3
Less intercompany interest rate swap gain (loss)	--	--	--	--
Total revenues	$ 1.1	$ 17.9	$ (88.1)	$ 2,727.3
Segment profit (loss)	$ (10.9)	$ 1.6	$ --	$ 653.4
Less:				
Equity earnings (loss)	(7.5)	--	--	10.3
Income (loss) from investments	--	--	--	(23.3)
Intercompany interest rate swap gain (loss)	--	--	--	--
Segment operating income (loss)	$ (3.4)	$ 1.6	$ --	$ 666.4
General corporate expenses				(32.4)
Consolidated operating income (loss)				$ 634.0

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

16. Segment disclosures (continued)

	Energy Marketing & Trading	Gas Pipeline	Exploration & Production	Midstream Gas & Liquids	Williams Energy Partners	Petroleum Services
NINE MONTHS ENDED SEPTEMBER 30, 2002						
Segment revenues:						
External	$ 649.8	$ 1,055.7	$ 58.4	$ 1,273.1	$ 262.9	$ 3,197.5
Internal	(863.6)*	50.7	619.4	66.7	40.7	69.2
Total segment revenues	(213.8)	1,106.4	677.8	1,339.8	303.6	3,266.7
Less intercompany interest rate swap gain (loss)	(139.9)	--	--	--	--	--
Total revenues	$ (73.9)	$ 1,106.4	$ 677.8	$ 1,339.8	$ 303.6	$ 3,266.7
Segment profit (loss)	$ (602.0)	$ 506.0	$ 433.5	$ 210.0	$ 69.8	$ (396.5)
Less:						
Equity earnings (loss)	(4.0)	82.8	2.1	12.5	--	(.4)
Income (loss) from investments	--	(15.0)	--	--	--	(.7)
Intercompany interest rate swap gain (loss)	(139.9)	--	--	--	--	--
Segment operating income (loss)	$ (458.1)	$ 438.2	$ 431.4	$ 197.5	$ 69.8	$ (395.4)
General corporate expenses						
Consolidated operating income (loss)						
NINE MONTHS ENDED SEPTEMBER 30, 2001						
Segment revenues:						
External	$ 1,851.8	$ 1,023.9	$ 93.7	$ 1,416.3	$ 265.5	$ 3,976.7
Internal	(422.8)*	24.6	316.5	90.5	45.2	100.9
Total segment revenues	1,429.0	1,048.5	410.2	1,506.8	310.7	4,077.6
Less intercompany interest rate swap gain (loss)	--	--	--	--	--	--
Total revenues	$ 1,429.0	$ 1,048.5	$ 410.2	$ 1,506.8	$ 310.7	$ 4,077.6
Segment profit (loss)	$ 1,108.6	$ 436.0	$ 165.4	$ 126.4	$ 83.6	$ 189.5
Less:						
Equity earnings (loss)	1.4	30.1	15.8	(11.5)	--	.1
Income (loss) from investments	(23.3)	27.5	--	--	--	--
Intercompany interest rate swap gain (loss)	--	--	--	--	--	--
Segment operating income (loss)	$ 1,130.5	$ 378.4	$ 149.6	$ 137.9	$ 83.6	$ 189.4
General corporate expenses						
Consolidated operating income (loss)						

	International	Other	Eliminations	Total
NINE MONTHS ENDED SEPTEMBER 30, 2002				
Segment revenues:				
External	$ 3.1	$ 17.7	$ --	$ 6,518.2
Internal	--	29.4	(12.5)	--
Total segment revenues	3.1	47.1	(12.5)	6,518.2
Less intercompany interest rate swap gain (loss)	--	--	139.9	--
Total revenues	$ 3.1	$ 47.1	$ (152.4)	$ 6,518.2
Segment profit (loss)	$ 34.8	$ (1.2)	$ --	$ 254.4
Less:				
Equity earnings (loss)	(12.7)	(.6)	--	79.7
Income (loss) from investments	58.5	--	--	42.8
Intercompany interest rate swap gain (loss)	--	--	--	(139.9)
Segment operating income (loss)	$ (11.0)	$ (.6)	$ --	$ 271.8
General corporate expenses				(116.4)
Consolidated operating income (loss)				$ 155.4
NINE MONTHS ENDED SEPTEMBER 30, 2001				
Segment revenues:				
External	$ 2.6	$ 27.9	$ --	$ 8,658.4
Internal	--	29.5	(184.4)	--
Total segment revenues	2.6	57.4	(184.4)	8,658.4
Less intercompany interest rate swap gain (loss)	--	--	--	--
Total revenues	$ 2.6	$ 57.4	$ (184.4)	$ 8,658.4
Segment profit (loss)	$ (22.9)	$ 9.0	$ --	$ 2,095.6
Less:				
Equity earnings (loss)	(13.7)	(.4)	--	21.8
Income (loss) from investments	--	--	--	4.2
Intercompany interest rate swap gain (loss)	--	--	--	--
Segment operating income (loss)	$ (9.2)	$ 9.4	$ --	$ 2,069.6
General corporate expenses				(88.8)
Consolidated operating income (loss)				$ 1,980.8

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

16. Segment disclosures (continued)

(Millions)	Total Assets September 30, 2002	Total Assets December 31, 2001
Energy Marketing & Trading	$12,734.9	$15,045.3
Gas Pipeline	8,110.6	7,506.5
Exploration & Production	5,844.9	5,045.6
Midstream Gas & Liquids	5,154.8	4,750.7
Williams Energy Partners	1,201.9	1,033.6
Petroleum Services	1,909.1	2,147.9
International	668.5	1,124.8
Other	6,234.5	6,852.1
Eliminations	(6,771.1)	(7,473.8)
	35,088.1	36,032.7
Discontinued operations	779.6	2,873.5
Total	$35,867.7	$38,906.2

17. Recent accounting standards

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In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 142, "Goodwill and Other Intangible Assets." Williams adopted this Statement effective January 1, 2002. This Statement addresses accounting and reporting standards for goodwill and other intangible assets. Under the provisions of this Statement, goodwill and intangible assets with indefinite useful lives are no longer amortized, but will be tested annually for impairment. Based on management's estimate of the fair value of the operating unit's goodwill there was no impairment upon adoption of this Standard at January 1, 2002.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations," which is effective for fiscal years beginning after June 15, 2002. The Statement requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. Williams will adopt the new rules on asset retirement obligations on January 1, 2003. The impact of adoption is to be reported as a cumulative effect of change in accounting principle. Application of the new rules is expected to result in estimated retirement obligations related to exploration and production assets, offshore transmission platforms, and certain international assets. The estimated obligations will consider current factors such as expected future inflation rates, current costs of borrowing, estimated retirement dates and estimated expected costs of required retirement activities. Retirement obligations have not been estimated for assets for which the remaining life is not currently determinable, including pipeline transmission assets, processing and refining assets, and gas gathering systems.

In second-quarter 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." The rescission of SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements," requires that gains and losses from extinguishment of debt only be classified as extraordinary items in the event that they meet the criteria of APB Opinion No. 30. SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers," established accounting requirements for the effects of transition to the Motor Carriers Act of 1980 and is no longer required now that the transitions have been completed. Finally, the amendments to SFAS No. 13 require certain lease modifications that have economic effects which are similar to sale-leaseback transactions be accounted for as sale-leaseback transactions. The provisions of this Statement related to the rescission of SFAS No. 4 are to be applied in fiscal years beginning after May 15, 2002, while the provisions related to SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of the Statement are effective for financial statements issued on or after May 15, 2002. There was no initial impact of SFAS No. 145 on Williams' results of operations and financial position. However, in subsequent reporting periods, gains and losses from debt extinguishments will not be accounted for as extraordinary items.

Also in second-quarter 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The provisions of the Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The effect of this standard on Williams is being evaluated.

On October 25, 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 02-3, "Issues Related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities." This Issue rescinds EITF Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities," the impact of which is to preclude fair value accounting for all energy trading contracts not within the scope of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and trading inventories. The EITF also reached a consensus that gains and losses on derivative instruments within the scope of SFAS No. 133 should be shown net in the income statement if the derivative instruments are held for trading purposes. The consensus regarding the rescission of Issue 98-10 is applicable for fiscal periods beginning after December 15, 2002, and earlier application is permitted. Williams is evaluating whether it will adopt the consensus in 2002 or January 1, 2003. Adoption of the consensus will be reported as a cumulative effect of a change in accounting principle. Energy trading contracts not within the scope of SFAS No. 133 executed after October 25, 2002, but prior to the implementation of the consensus are not permitted to apply fair value accounting. The effect of initially applying the consensus, which could be significant, is being evaluated, as Williams must review its energy trading contracts to identify those contracts within the scope of SFAS No. 133.

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

RECENT EVENTS

As a result of credit issues facing the Company and the assumption of payment obligations and performance on guarantees associated with WCG, Williams announced plans during first-quarter 2002 to strengthen its balance sheet and support retention of its investment grade ratings. The plan included reducing capital expenditures during the balance of 2002, future sales of assets to generate proceeds to be used to reduce outstanding debt and the lowering of expenses, in part through an enhanced-benefit early retirement program which concluded during the second quarter. In addition, the plan included the elimination of "ratings triggers" giving rise to options to put or accelerate debt or cause redemption of preferred interests. Exposure to ratings triggers was substantially reduced to $182 million in first-quarter 2002. In third-quarter 2002, the remaining $182 million was redeemed or extinguished.

During the second quarter, Williams experienced liquidity issues, the effect of which limited Energy Marketing & Trading's ability to manage market risk and exercise hedging strategies as market liquidity deteriorated. During May 2002, major rating agencies lowered their credit ratings on Williams' unsecured long-term debt; however, the ratings remained investment grade for the balance of the quarter. In June, Williams announced a $500 million reduction in its working capital and liquidity commitments to its Energy Marketing & Trading business and reduced its work force accordingly. Later in June, Williams announced its intentions to offer for sale its two refineries and related assets, with the expectation of closing such sales by the end of 2002.

Williams experienced a substantial net loss for the second quarter. The loss primarily resulted from a decline in Energy Marketing & Trading's results and reflected a significant decline in the forward mark-to-market value of its portfolio, the costs associated with terminated power projects, and the partial impairment of goodwill from deteriorating energy trading market conditions in the second quarter. Williams also recognized asset impairments and cost write-offs, in part a result of asset sale considerations and terminated projects reflecting a reduced capital expenditure program. In addition, the board of directors reduced the common stock dividend for the third quarter from the prior level of $.20 per share to $.01 per share. The major rating agencies downgraded Williams' unsecured long-term debt credit ratings to below investment grade, reflecting the uncertainty associated with the trading business, short-term cash requirements facing the Company and the increased level of debt the company had incurred to meet the WCG payment obligations and guarantees. Concurrent with these events, Williams was unable to complete a renewal of its unsecured short-term bank facility which expired on July 24, 2002. Subsequently, Williams and a subsidiary obtained two secured facilities totaling $1.3 billion, including a letter of credit facility for $400 million, and amended its existing revolving credit facility, which expires July 2005, to make it secured. These facilities include pledges of certain assets and contain financial ratios and other covenants that must be maintained (see Note 11). If such provisions of the agreements are not maintained, then amounts outstanding can become due and payable immediately.

Following the credit rating downgrade in July, Williams sold certain exploration and production properties and substantially all of its natural gas liquids pipeline systems, receiving net cash proceeds of approximately $1.5 billion. Williams also sold certain liquified natural gas assets for approximately $217 million, its 27 percent ownership interest in a Lithuanian refinery, pipeline and terminal investment for $85 million and its $75 million note receivable from the Lithuanian investment for face value. These transactions closed in September. During the second quarter, a review for impairment was performed on certain assets that were being considered for possible sale, including an assessment of the more likely than not probabilities of sale for each asset. Impairments were recorded in the second quarter totaling approximately $71 million reflecting management's estimate of the fair value of these assets based on information available at the time. During third-quarter, Williams' board of directors approved for sale the Central natural gas pipeline unit and the soda ash mining operations, both of which are reported as discontinued operations. Williams currently has a definitive agreement for the sale of Central. Also, during the third quarter, the impairment reviews were updated to incorporate new information obtained through the maturation of the assets sales process. As a result, Williams recorded $568 million of pre-tax impairment charges (including those recorded in discontinued operations) in the third quarter (see Notes 3 and 7).

In addition, Williams is pursuing the sale of other assets to enhance liquidity. The sales are anticipated to close during the remainder of 2002 and the first half of 2003. Williams has numerous assets that could be sold which have values in excess of the previously announced target of $1.5 billion to $3 billion to be generated from asset sales. The specific assets that will be sold and the timing of such sales are dependent on various factors, including negotiations with prospective buyers, regulatory approvals, industry conditions, lender consents to sales of collateral and the short-and long-term liquidity requirements of the Company. While management believes it has considered all relevant information in assessing for potential impairments, the ultimate sales price for assets that may be sold in the future may result in additional impairments or losses, and/or gains.

The operating results of Energy Marketing & Trading are adversely affected by several factors, including Williams' overall liquidity and credit ratings which impact Energy Marketing & Trading's ability to enter into price risk management and hedging activities. The credit rating downgrades have also triggered certain Energy Marketing & Trading contractual provisions, including providing counterparties with adequate assurance, margin, credit enhancement, or credit replacement. Successful completion of the agreement announced on November 11, 2002 regarding the global settlement with the State of California and other parties will eliminate certain outstanding complaints and litigation and resolve the State of California's claims for refunds to the FERC filed in connection with its power activities in California (see Note 12). This agreement provides for a new long-term power sales contract with the state in addition to other settlement provisions. For further discussions regarding Energy Marketing & Trading's business and its fair value of energy contracts, see the "Fair Value of Energy Risk Management and Trading activities." The energy trading sector has experienced deteriorating conditions because of credit and regulatory concerns, and these have significantly reduced Energy Marketing & Trading's ability to attract new business. During third-quarter, several companies in the energy trading sector have announced that they are either reducing commitments to or exiting altogether, the energy trading business. These market conditions plus the unwillingness of counterparties to enter into new business with Energy Marketing & Trading will affect results in the future and could result in additional operating losses. On August 1, 2002, Williams announced its intention to further reduce its commitment and exposure to its energy marketing and risk management business. This reduction could be realized by entering into a joint venture arrangement with a third party or a sale of a portion or all of the marketing and trading portfolio. It is possible that Williams, in order to generate levels of liquidity it needs in the future, would be willing to accept amounts for a portion or its entire portfolio that are less than its carrying value at September 30, 2002. Additionally, on October 25, 2002, the Emerging Issues Task Force concluded in Issue No. 02-3 to rescind Issue No. 98-10, under which non-derivative energy trading contracts are currently marked-to-market. In addition, trading inventories will also no longer be marked-to-market but will be reported on a lower of cost or market basis. Upon adoption of this new standard, Energy Marketing & Trading will record an adjustment for the cumulative effect of this change in accounting principle. The impact of this change in accounting principle could be significant. Energy Marketing & Trading is currently evaluating the potential impact of the change but is unable at this time to provide an estimate.

At September 30, 2002, Williams has maturing notes payable and long-term debt totaling $685 million for the remainder of the current year and $2 billion during 2003. The Company's available liquidity to meet these requirements and fund a reduced level of capital expenditures will be dependent on several items, including the cash flows of retained businesses, the amount of proceeds raised from the sale of assets and the price of natural gas. Future cash flows from operations may also be affected by the timing and nature of the sale of assets. Because of recent asset sales, anticipated asset sales in the future and available secured credit facilities, Williams currently believes that it has the financial resources and liquidity to meet future cash requirements for the balance of the year.

The new secured credit facilities require Williams to meet certain covenants and limitations as well as maintain certain financial ratios (see Note 11). Included in these covenants are provisions that limit the ability to incur future indebtedness, pledge assets and pay dividends on common stock. In addition, debt and related commitments must be reduced from the proceeds of asset sales and minimum levels of current and future liquidity have been established.

GENERAL

In accordance with the provisions related to discontinued operations within Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the consolidated financial statements and notes in Item 1 reflect the results of operations, financial position and cash flows of the following components as discontinued operations (see Note 7):

- Central natural gas pipeline, previously one of Gas Pipeline's segments
- The Colorado soda ash mining operations, previously part of the International segment
- Two natural gas liquids pipeline systems, Mid-American Pipeline and Seminole Pipeline, previously part of the Midstream Gas & Liquids segment
- Kern River Gas Transmission (Kern River), previously one of Gas Pipeline's segments

Unless indicated otherwise, the following discussion and analysis of results of operations, financial condition and liquidity relates to the continuing operations of Williams and should be read in conjunction with the consolidated financial statements and notes thereto included in Item 1 of this document and Exhibit 99(b) of Williams' Current Report on Form 8-K dated May 28, 2002, which includes financial statements that reflect Kern River as discontinued operations.

RESULTS OF OPERATIONS

Consolidated Overview

The following table and discussion is a summary of Williams' consolidated results of operations. The results of operations by segment are discussed in further detail beginning on page 37.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Revenues	$ 2,103.9	$ 2,727.3	$ 6,518.2	$ 8,658.4
Operating income (loss)	$ (269.7)	$ 634.0	155.4	1,980.8
Interest accrued-net	(358.5)	(167.4)	(828.8)	(474.5)
Interest rate swap loss	(52.2)	--	(125.2)	--
Investing income (loss):				
Estimated loss on realization of amounts due from WCG	(22.9)	--	(269.9)	--
Other	85.3	(69.6)	161.5	39.9
Preferred returns and minority interest in income of consolidated subsidiaries	(23.7)	(22.2)	(60.6)	(70.4)
Other income - net	1.2	1.9	20.6	12.2
Income (loss) from continuing operations before income taxes	(640.5)	376.7	(947.0)	1,488.0
Provision (benefit) for income taxes	(231.8)	182.8	(313.0)	615.2
Income (loss) from continuing operations	(408.7)	193.9	(634.0)	872.8
Income (loss) from discontinued operations	114.6	27.4	98.5	(112.8)
Net income (loss)	(294.1)	221.3	(535.5)	760.0
Preferred stock dividends	(6.8)	--	(83.3)	--
Income (loss) applicable to common stock	$ (300.9)	$ 221.3	$ (618.8)	$ 760.0

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

Williams' revenues decreased $623.4 million, or 23 percent, due primarily to lower revenues associated with energy risk management and trading activities at Energy Marketing & Trading and lower refined product sales volumes within Petroleum Services. Partially offsetting these decreases were increased natural gas production revenues as a result of higher net production volumes and net realized average prices within Exploration & Production, increased revenues associated with higher natural gas liquids sales prices from domestic processing activities as well as an increase in natural gas liquids sales from Canadian fractionation activities within Midstream Gas & Liquids and an increase to revenues as a result of reductions in rate refund liabilities associated with rate case settlements within Gas Pipeline.

Cost and operating expenses decreased $22.1 million due primarily to lower refining and marketing costs at Petroleum Services and lower gas exchange imbalance settlements (offset in revenues) at Gas Pipeline. Partially offsetting these decreases were higher natural gas liquids purchases related to Canadian fractionation activities, higher depreciation expense at Midstream Gas & Liquids and increased depletion, depreciation and amortization and lease operating expenses at Exploration & Production due primarily to the acquisition of the former Barrett operations.

Selling, general and administrative expenses decreased $19.7 million, or 8 percent, due primarily to lower variable compensation levels associated with reduced segment profit and reduced staffing levels at Energy Marketing & Trading slightly offset by $6 million of expenses related to the Company contributions to an employee stock ownership plan resulting from retirement of related external debt, as well as approximately $5 million of employee-related severance costs.

Other (income) expense - net in 2002 includes $432.6 million of impairment charges within Petroleum Services comprised of a $176.2 million impairment of the Midsouth refinery and related assets, $112.1 million impairment of the travel centers and a $144.3 million impairment of the bio-energy business (see Note 3). Partially offsetting these impairment charges were $143.9 million of gains on sales of natural gas production properties in Wyoming and the Anadarko Basin within Exploration & Production.

General corporate expenses increased $11.7 million, or 36 percent, due primarily to approximately $19 million of costs related to consulting services

and legal fees associated with the liquidity and business issues addressed during third-quarter 2002.

Operating income (loss) decreased $903.7 million to an operating loss of $269.7 million, due primarily to lower

net revenues associated with energy risk management and trading activities at Energy Marketing & Trading, and the $432.6 million of impairment charges as previously mentioned. Partially offsetting these decreases were the gains on sales of natural gas properties and increased production at Exploration & Production discussed above and the effect of the rate refund liability reductions related to rate case settlements at Gas Pipeline.

Interest accrued - net increased $191.1 million, or 114 percent, due primarily to $53 million related to interest on the RMT note payable entered into during third-quarter 2002 (see Note 11), the $66 million effect of higher borrowing levels and the $45 million effect of higher average interest rates as well as $27 million of higher debt amortization expense.

In 2002, Williams entered into interest rate swaps with external counterparties resulting in losses of $52.2 million in third-quarter 2002 (see Note 16).

Investing income (loss) increased $132 million due primarily to the $58.5 million gain on the sale of Williams' investment in a Lithuanian oil refinery pipeline and terminal complex, which was included in the International operating segment, an $8.7 million gain on the sale of Williams' general partner equity interest in Northern Border Partners, L.P., $8.8 million in higher earnings on equity investments, the absence in third-quarter 2002 of a $70.9 million write-down of Williams' investment in WCG common stock and a $23.3 million loss related to the 2001 loss from other investments included in the Energy Marketing & Trading operating segment, which were determined to be other than temporary. Partially offsetting is an $11.6 million net write-down of Williams' equity interest in a Canadian and U.S. gas pipeline and $22.9 million estimated loss on realization of amounts due from WCG (see Note 4).

The provision (benefit) for income taxes was favorable by $414.6 million due primarily to a pre-tax loss in 2002 as compared to pre-tax income in 2001. The effective income tax rate for the three months ended September 30, 2002, is greater than the federal statutory rate due primarily to the effect of state income taxes offset by the effect of taxes on foreign operations. The effective income tax rate for the three months ended September 30, 2001, is greater than the federal statutory rate due primarily to valuation allowances associated with the tax benefits for investment write-downs for which ultimate realization is uncertain and the effect of state income taxes.

Income (loss) from discontinued operations increased $87.2 million ($167.3 million pre-tax) due primarily to the $304.6 million before tax gain on the sale of Mid-America and Seminole Pipelines, partially offset by the $86.9 million impairment at Central natural gas pipeline system and an additional impairment of $48.2 million of the soda ash operations (see Note 7).

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

Williams' revenue decreased $2,140.2 million, or 25 percent, due primarily to lower revenues associated with energy risk management and trading activities at Energy Marketing & Trading, lower refined product sales prices and decreased volumes sold at the refineries, lower travel center and Alaska convenience store sales and the absence of $183 million of revenue related to the 198 convenience stores sold in May 2001 within Petroleum Services and lower natural gas liquids sales prices within Midstream Gas & Liquids. Partially offsetting these decreases was an increase in net production volumes within Exploration & Production and an increase in revenues due to the rate refund liability reductions associated with the rate case settlements within Gas Pipeline.

Costs and operating expenses decreased $860.2 million, or 14 percent, due primarily to lower refining and marketing costs, lower travel center/convenience store costs reflecting the absence of the 198 convenience stores sold in May 2001 and lower diesel sales volumes and average gasoline and diesel purchase prices at Petroleum Services and lower shrink, fuel and replacement gas purchases related to processing activities at Midstream Gas & Liquids. Slightly offsetting these decreases are increased depletion, depreciation and amortization and lease operating expenses at Exploration & Production due primarily to the addition of the former Barrett operations.

Selling, general and administrative expenses for 2002 include approximately $6 million of expenses related to the company contributions to an employee stock ownership plan resulting from retirement of related external debt, as well as approximately $8 million of employee-related severance costs.

Other (income) expense - net in 2002 includes $459.6 million of impairment charges within Petroleum Services comprised of a $176.2 million impairment of the Midsouth refinery and related assets, $139.1 million impairment of the travel centers and a $144.3 million impairment of the bio-energy business (see Note 3). Also included in other (income) expense - net in 2002 are $152.7 million of impairment charges and loss accruals within Energy Marketing & Trading comprised of $95.2 million associated with a terminated power plant project and accruals for commitments for certain power assets and a $57.5 million goodwill impairment. Partially offsetting these impairment charges and accruals were $143.9 million of gains on sales of natural gas production properties at Exploration & Production in 2002 and the absence of 2001 impairment charges of $15.1 million and $11.2 million within Midstream Gas & Liquids and Petroleum Services, respectively (see Note 3).

General corporate expenses increased $27.6 million, or 31 percent, due primarily to $19 million of costs related to consulting services and legal fees associated with the liquidity and business issues addressed during third-quarter 2002, and $6 million of expense related to the enhanced-benefit early retirement options offered to certain employee groups as well as $4 million of expense related to employee severance costs.

Operating income (loss) decreased $1,825.4 million, or 92 percent, due primarily to lower net revenues associated with energy risk management and trading activities at Energy Marketing & Trading, decreased profit from refining and marketing operations within Petroleum Services and the impairment charges and loss accruals noted above. Partially offsetting these decreases are the gains from the sale of natural gas production properties and increased net production volumes at Exploration & Production, the effect of the reductions in rate refund liabilities associated with rate case settlements at Gas Pipeline and higher natural gas liquids margins at Midstream Gas & Liquids.

Interest accrued - net increased $354.3 million, or 75 percent, due primarily to $53 million related to interest on the RMT note payable, the $137 million effect of higher average interest rates, the $103 million effect of higher borrowing levels and $45 million higher debt amortization expense. Also contributing to these increases is a $10 million decrease in interest capitalized related to a gas compression facility which began operations in August 2001.

In 2002, Williams entered into interest rate swaps with external counter parties resulting in losses of $125.2 million (see Note 16).

Investing income (loss) decreased $148.3 million due primarily to the $269.9 million estimated loss on realization of amounts due from WCG (see Note 4), the impact of a $27.5 million gain in 2001 on the sale of Williams' limited partner equity interest in Northern Border Partners, L.P., a $12.3 million write-down of an investment in a pipeline project which was canceled and an $11.6 million net impairment of Williams' equity interest in a Canadian and U.S. gas pipeline. Partially offsetting these decreases was a $58.5 million gain on the sale of Williams' equity interest in a Lithuanian oil refinery, pipeline and terminal complex, which was included in the International segment, $57.9 million in higher earnings on equity investments and the absence in 2002 of a $70.9 million write-down of Williams' investment in WCG common stock and a 2001 $23.3 million loss from other investments, which were determined to be other than temporary, and an $8.7 million gain in 2002 on the sale of Williams' general partner interest in Northern Border Partners, L.P. In addition, interest income related to margin deposits decreased $22 million, dividend income decreased $5 million due to the second-quarter 2001 sale of Ferrellgas Partners L.P. senior common units and interest income from foreign investments decreased, while losses on foreign investments increased for a combined negative impact of $12 million.

Other income - net increased $8.4 million due primarily to an $11 million gain in second-quarter 2002 at Gas Pipeline associated with the disposition of securities received through a mutual insurance company reorganization, a $10 million decrease in losses from the sales of receivables to special purpose entities and the absence in 2002 of a 2001 $10 million payment to settle a claim for coal royalty payments relating to a discontinued activity. Partially offsetting these increases was an $8 million loss related to early retirement of remarketable notes in first-quarter 2002.

The provision (benefit) for income taxes was favorable by $928.2 million due primarily to a pre-tax loss as compared to pre-tax income in 2002. The effective income tax rate for the nine months ended September 30, 2002, is less than the federal statutory rate due primarily to the effect of taxes on foreign operations and the impairment of goodwill, which is not deductible for tax purposes and reduces the tax benefit of the pre-tax loss, offset by the effect of state income taxes. The effective income tax rate for the nine months ended September 30, 2001, is greater than the federal statutory rate due primarily to valuation allowances associated with the tax benefits for investment write-downs for which ultimate realization is uncertain and the effect of state income taxes.

Income (loss) from discontinued operations increased $211.3 million ($354 million pre-tax) due primarily to the $304.6 million before tax gain on the sale of Mid-America and Seminole Pipelines and the 2001 after-tax loss from the WCG operations, partially offset by the $86.9 million impairment at Central natural gas pipeline system and an additional impairment of $48.2 million related to the soda ash operations (see Note 7).

Income (loss) applicable to common stock in 2002 reflects the impact of the $69.4 million associated with accounting for a preferred security that contains a conversion option that was beneficial to the purchaser at the time the security was issued. The average number of shares in 2002 for the diluted calculation (which is the same as the basic calculation due to Williams reporting a loss from continuing operations - see Note 8) increased approximately 23 million from September 30, 2001. The increase is due primarily to the 29.6 million shares issued in the Barrett acquisition in August 2001. The increased shares had a dilutive effect on earnings per share in 2002 of approximately $.06 per share.

RESULTS OF OPERATIONS-SEGMENTS

Williams is currently organized into the following segments: Energy Marketing & Trading, Gas Pipeline, Exploration & Production, Midstream Gas & Liquids, Williams Energy Partners, Petroleum Services, and International. Williams currently evaluates performance based upon segment profit (loss) from operations (see Note 16). Segment profit of the operating companies may vary by quarter. Energy Marketing & Trading's results can vary quarter to quarter based on the timing of origination activities and market movements of commodity prices, interest rates and counterparty creditworthiness impacting the determination of fair value of contracts.

In addition to the impact to the segments as a result of discontinued operations previously discussed, the following changes occurred in 2002:

- Effective July 1, 2002, management of certain operations previously conducted by Energy Marketing & Trading, International and Petroleum Services was transferred to Midstream Gas & Liquids. These operations included natural gas liquids trading, activities in Venezuela and a petrochemical plant, respectively.

- On April 11, 2002, Williams Energy Partners L.P., a partially owned and consolidated entity of Williams, acquired Williams Pipe Line, an operation previously included within the Petroleum Services segment. Accordingly, Williams Pipe Line's results of operations have been transferred from the Petroleum Services segment to the Williams Energy Partners segment.

- Management of an investment in an Argentine oil and gas exploration company was transferred from the International segment to the Exploration & Production segment to align exploration and production activities.

Prior period amounts have been restated to reflect these changes. The following discussions relate to the results of operations of Williams' segments.

ENERGY MARKETING & TRADING

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ (290.2)	$ 493.1	$ (213.8)	$ 1,429.0
Segment profit (loss)	$ (387.6)	$ 356.9	$ (602.0)	$ 1,108.6

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

ENERGY MARKETING & TRADING'S revenues decreased $783.3 million, or 159 percent, due primarily to a $782.1 million decrease in risk management and trading revenues. During third-quarter 2002, Energy Marketing & Trading's results were adversely affected by the impact of market movements against its portfolio and an absence of new origination activities. Energy Marketing & Trading's ability to manage or hedge its portfolio against adverse market movements was limited by a lack of market liquidity as well as market concerns regarding Williams' credit and liquidity situation.

The $782.1 million decrease from third-quarter 2001 in risk management and trading revenues is due primarily to a decrease of $787.5 million in the natural gas and power revenues and a $59.5 million decrease in the petroleum products revenues, partially offset by a $63.6 million increase in revenues from the emerging products portfolio. The $782.1 million decrease includes a $22.7 million decrease in revenues from new transactions originated as compared to third-quarter 2001, resulting from Energy Marketing & Trading's inability to enter into new origination transactions in the third quarter of 2002 as a result of reduced market liquidity and Williams' limited credit capacity. Of the $787.5 million decline in natural gas and power revenues, $327.3 million is attributable to a decline in natural gas revenues, caused primarily by increasing prices on short natural gas positions. The remaining $460.2 million decline relates to lower revenues from the power portfolio caused primarily by significantly narrower spark spreads compared with third-quarter 2001 as well as the net impact of portfolio valuation adjustments associated with portfolio sales activities. The $59.5 million decrease in petroleum products revenues is primarily due to lower volatility in the crude option and refined products transportation portfolios. The $63.6 million increase in emerging products revenues is primarily related to intercompany and external interest rate hedging activities. Additionally, the natural gas, power and the petroleum products portfolios were impacted by the general market deterioration and credit degradation in the energy trading sector which had the effect of reducing contract valuations as market liquidity declined and corporate bond spreads deteriorated.

As a result of Williams' current liquidity constraints and previously announced strategies, Energy Marketing & Trading continued efforts in the third quarter to sell all or portions of its portfolio. Energy Marketing & Trading continues to evaluate its potential alternatives which includes potential sale of all or part of the portfolio, joint venture or other business combination opportunities. As a result of information obtained through the negotiation activities with potential buyers, the estimated fair value of certain portions of the portfolio was reduced by $74.8 million reflecting management's estimate of fair value at September 30, 2002. For those portions of the portfolio for which no viable market information was received through negotiation efforts, fair value has been estimated using other market-based information and valuation techniques consistent with existing methodologies. Given the condition of the energy trading sector and liquidity constraints of Williams, however, amounts ultimately realized in any future portfolio sales, joint ventures or business combination opportunities may be significantly less than fair value estimates presented in the financial statements.

Selling, general, and administrative expenses decreased by $32 million, or 33 percent. This cost reduction is primarily due to lower variable compensation levels associated with reduced segment profit and reduced staffing levels in the energy marketing and trading operations.

Segment profit decreased $744.5 million or 209 percent, due primarily to the $782.1 million reduction of risk management and trading revenues and a $11.5 million third-quarter 2002 loss accrual (see Note 3), partially offset by reduced selling, general and administrative expenses and the absence of a $23.3 million 2001 loss on write-downs of investments (see Note 5).

Energy Marketing & Trading's future results will be affected by the reduction in liquidity available from its parent, the willingness of counterparties to enter into transactions with Energy Marketing & Trading, the liquidity of markets in which Energy Marketing & Trading transacts, and the creditworthiness of other counterparties in the industry. Since Williams is not currently rated investment grade by credit rating agencies Williams is required, in certain instances, to provide additional adequate assurances in the form of cash or credit support to enter into price risk management transactions. With the decision to continue to reduce Williams' financial commitment and

exposure to the trading business, it is likely that Energy Marketing & Trading will have greater exposure to market movements, which could result in additional operating losses. In addition, other companies in the energy trading and marketing sector are experiencing financial difficulties which will affect Energy Marketing & Trading's credit assessment related to the future value of its forward positions. The effect of these items on Energy Marketing & Trading's results could limit the ability of this segment to achieve profitable operations.

A third party, from which Williams has the right to receive fuel conversion services, disclosed in their third quarter 10-Q filed on November 12, 2002 that they were evaluating the future effect of certain subsidiaries currently in default under outstanding project indebtedness. It is not possible at this time to determine whether this situation or future actions by the third party will negatively affect our results or financial position. Williams will evaluate the implications, if any, of this situation and the future events that occur during the fourth quarter.

On October 25, 2002, the Emerging Issues Task Force concluded in Issue No. 02-3 to rescind Issue No. 98-10, under which non-derivative energy trading contracts are currently marked-to-market. In addition, trading inventories will also no longer be marked-to-market but will be reported on a lower of cost or market basis. Upon adoption of this new standard, Energy Marketing & Trading will record an adjustment for the cumulative effect of this change in accounting principle. The impact of this change in accounting principle could be significant. Energy Marketing & Trading is currently evaluating the potential impact of the change but is unable at this time to provide an estimate.

Issues in the Western Marketplace

At September 30, 2002, Energy Marketing & Trading had net accounts receivable recorded of approximately $242 million for power sales to the California Independent System Operator and the California Power Exchange Corporation (CPEC). While the amount recorded reflects management's best estimate of collectibility, future events or circumstances could change those estimates.

As discussed in Rate and Regulatory Matters and Related Litigation in Note 12 of the Notes to Consolidated Financial Statements, the FERC and the DOJ have issued orders or initiated actions which involve the activities of Energy Marketing & Trading in California and the western states. In addition to these federal agency actions, a number of federal and state initiatives addressing the issues of the California electric power industry are also ongoing and may result in restructuring of various markets in California and elsewhere. Discussions in California and other states have ranged from threats of re-regulation to suspension of plans to move forward with deregulation. Allegations have also been made that the wholesale price increases experienced in 2000 and 2001 resulted from the exercise of market power and collusion of the power generators and sellers, such as Williams. These allegations have resulted in multiple state and federal investigations as well as the filing of class-action lawsuits in which Williams is a named defendant. Williams' long-term power contract with the State of California has also been challenged both at the FERC and in civil suits. Most of these initiatives, investigations and proceedings are in their preliminary stages and their likely outcome cannot be estimated. However, Williams executed a settlement agreement on November 11, 2002, that is intended to resolve many of these disputes with the State of California on a global basis that includes a renegotiated long-term energy contract. The settlement is also intended to resolve complaints brought by the California Attorney General against Williams and the State of California's refund claims. In addition, the settlement is intended to resolve ongoing investigations by the States of California, Oregon, and Washington. The settlement is subject to various court and agency approvals and due diligence by the California Attorney General (see other legal matters in Note 12). There can be no assurance that these initiatives, investigations and proceedings will not have a material adverse effect on Williams' results of operations or financial condition.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

ENERGY MARKETING & TRADING'S revenues decreased $1,642.8 million, or 115 percent, due primarily to a $1,642.6 million decrease in risk management and trading revenues. As noted previously, Energy Marketing & Trading's results were in general adversely affected by its limited ability to manage or hedge its portfolio against adverse market movements due to a lack of market liquidity, the market's concerns regarding Williams' credit and liquidity situation, and internal efforts to preserve liquidity.

The $1,642.6 million decrease in risk management and trading revenues is due primarily to a decrease of $1,747.8 million in natural gas and power revenues, partially offset by a $12.1 million increase in petroleum product revenues and $85.3 million increase in emerging products revenues. The $1,646.5 million decrease in revenues includes a $127.3 million decrease due to the absence of any significant new transactions originating during the second and third quarters of 2002. Declines in natural gas revenues are primarily due to rising gas prices on short natural gas positions. Decreases in power revenues are due primarily to lower market volatility and narrower spark spreads than were present during 2001 and valuation adjustments resulting from 2002 third quarter efforts to sell portions of Energy Marketing & Trading's portfolio. The $12.1 million increase in petroleum products revenues is due to $118.8 million resulting from the origination of transactions during the first quarter of 2002 offset by a decrease in revenues resulting from lower volatility in the crude option and refined products transportation portfolios. The $85.3 million increase in revenues from the emerging products portfolio relates primarily to intercompany and external interest rate hedging activities. Additionally, the natural gas and power and the petroleum products portfolio were also impacted by the general market deterioration and credit degradation in the energy trading

sector which had the effect of reducing contract valuations as market liquidity declined and corporate bond spreads deteriorated.

Selling, general, and administrative costs decreased by $74 million, or 29 percent. This cost reduction is primarily due to lower variable compensation levels associated with reduced segment profit and reduced staffing levels in the energy marketing and trading operations.

Other (income) expense - net in 2002 includes $95.2 million of net loss accruals and write-offs primarily associated with commitments for certain terminated power projects (see Note 3). Of this amount, $61.5 million was associated with a reduction to fair value of certain power equipment which management made the decision to sell rather than utilize in power development projects. The balance for the second quarter primarily represents an accrual for costs associated with leased power generation equipment. Also included in other (income) expense in 2002 is a $57.5 million partial goodwill impairment recorded during second- quarter resulting from deteriorating market conditions. The remaining goodwill was evaluated for impairment in third-quarter 2002 and no additional impairment was required based on management's estimate of the fair value of Energy Marketing & Trading at September 30, 2002.

Segment profit decreased $1,710.6 million, or 154 percent, due primarily to the $1,646.5 million reduction in risk management and trading revenues and the non-recurring items discussed in other income (expense) above, partially offset by the decrease in selling, general, and administrative expense.

GAS PIPELINE

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ 381.4	$ 335.1	$ 1,106.4	$ 1,048.5
Segment profit	$ 172.6	$ 101.8	$ 506.0	$ 436.0

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

GAS PIPELINE'S revenues increased $46.3 million, or 14 percent, due primarily to the effect of $36.5 million in reductions in the rate refund liabilities and other adjustments associated with rate case settlements on the Transcontinental Gas Pipe Line (Transco) and Texas Gas systems, $16 million higher demand revenues on the Transco system resulting from new expansion projects and new rate case settlement rates effective September 1, 2001, and $6 million higher transportation revenues on the Texas Gas system resulting from the new rate case settlement rates. Partially offsetting these increases was $19 million in lower gas exchange imbalance settlements (offset in costs and operating expenses).

Costs and operating expenses decreased $27.9 million, or 15 percent, due primarily to $19 million lower gas exchange imbalance settlements (offset in revenues), $7.6 million lower depreciation expense due to adjustments related to lower depreciation rates approved in the rate case settlements and $3 million lower operations and maintenance expense primarily due to lower professional and other contractual services.

General and administrative costs reflect $13 million lower charitable contributions due to significantly reduced levels of company commitments to the 2002 United Way campaign from record levels in 2001. This decline was partially offset by $10 million higher expense primarily associated with employee-related benefits in third-quarter 2002 including approximately $4 million related to expense recognized as a result of accelerated company contributions to an employee stock ownership plan resulting from the early retirement of related third party debt.

Other income (expense) - net in 2002 includes a $3.7 million loss from the sale of the Cove Point facility. The sale closed in September 2002 for proceeds of $217 million.

Segment profit, which includes equity earnings and income (loss) from investments, increased $70.8 million, or 70 percent, due primarily to the $44.1 million effect of rate refund liability reductions and other adjustments related to the final settlement of Transco and Texas Gas rate cases during third-quarter 2002, the higher revenues and lower overall expenses discussed above, and an $8.7 million gain on the sale of the general partnership interest in Northern Border Partners, L.P. which was sold for $12 million. Partially offsetting these increases to segment profit were the $3.7 million loss on the sale of the Cove Point facility and an $11.6 million net impairment charge on Gas Pipeline's 14.6 percent ownership interest in Alliance Pipeline which was sold in October 2002 for approximately $173 million.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

GAS PIPELINE'S revenues increased $57.9 million, or 6 percent, due primarily to the $36.5 million effect of reductions in the rate refund liabilities and other adjustments associated with rate case settlements on the Transco and Texas Gas systems ($17.4 million is applicable to the first six months of 2002), $35 million higher demand revenues on the Transco system resulting from new expansion projects and new settlement rates effective September 1, 2001, and $9 million from environmental mitigation credit sales and services. Partially offsetting these increases were $19 million lower gas exchange imbalance settlements (offset in costs and operating expenses), $9 million lower revenues associated with the recovery of tracked costs which are passed through to customers (offset in costs and operating expenses and general and administrative expenses) and $7 million lower storage revenues primarily due to lower rates on Cove Point's short-term storage contracts.

Costs and operating expenses decreased $12.8 million, or 3 percent, due primarily to $19 million lower gas exchange imbalance settlements (offset in revenues), $7 million lower other tracked costs which are passed through to customers (offset in revenues) and $5 million lower operations and maintenance expense due primarily to lower professional and other contractual services and telecommunications expenses. These decreases were partially offset by the $15 million effect in 2001 of a regulatory reserve reversal resulting from the FERC's approval for recovery of fuel costs incurred in prior periods by Transco, as well as $5 million higher depreciation expense. The $5 million higher depreciation expense reflects a $12 million increase due to increased property, plant and equipment placed into service (including depletion of property held for the environmental mitigation credit sales), partially offset by a $7.6 million adjustment related to the 2002 rate case settlements resulting in lower depreciation rates applied retrospectively ($3.1 million is applicable to the first six months of 2002).

General and administrative costs increased $13.1 million, or 8 percent, due primarily to $11 million in costs associated with an early retirement option offered during the first half of 2002 and $15 million higher expenses primarily related to employee-related benefits expense, including approximately $4 million related to expense recognized as a result of accelerated company contributions to an employee stock ownership plan resulting from the early retirement of related third party debt. These increases were partially offset by $13 million lower charitable contributions in 2002 and $3 million lower tracked costs (offset in revenues).

Other income (expense) - net in 2002 includes a $3.7 million loss on the sale of the Cove Point facility.

Segment profit, which includes equity earnings and income (loss) from investments (both included in investing income), increased $70 million, or 16 percent, due primarily to $52.7 million higher equity earnings, the $44.1 million effect of rate refund liability reductions and other adjustments related to the final settlement of rate cases during third-quarter 2002, the higher demand revenues discussed above, lower costs and operating expenses also discussed above, and an $8.7 million gain in 2002 on the sale of the general partnership interest in Northern Border Partners, L.P. These increases were partially offset by an $11.6 million impairment charge in 2002 on Gas Pipeline's 14.6 percent ownership interest in Alliance Pipeline, a $12.3 million write-down in 2002 of Gas Pipeline's investment in a pipeline project that has been cancelled and the impact of a $27.5 million gain in 2001 from the sale of the limited partnership interest in Northern Border Partners, L.P, the $13.1 million increase in general and administrative costs discussed above and the $3.7 million loss on the sale of the Cove Point facility. The increase in equity earnings includes a $27.4 million benefit in 2002 related to the contractual construction completion fee received by an equity affiliate. This equity affiliate served as the general contractor on the Gulfstream pipeline project for Gulfstream Natural Gas System (Gulfstream), an interstate natural gas pipeline subject to FERC regulation and also an equity affiliate. The fee, paid by Gulfstream and associated with the completion during the second quarter of 2002 of the construction of Gulfstream's pipeline, was capitalized by Gulfstream as property, plant and equipment and is included in Gulfstream's rate base to be recovered in future revenues. Additionally, the equity earnings increase reflects a $25 million increase from Gulfstream primarily related to interest capitalized on the Gulfstream pipeline project in accordance with FERC regulations.

EXPLORATION & PRODUCTION

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ 219.3	$ 160.6	$ 677.8	$ 410.2
Segment profit	$ 231.8	$ 65.0	$ 433.5	$ 165.4

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

EXPLORATION & PRODUCTION'S revenues increased $58.7 million, or 37 percent, due primarily to $67 million higher production revenues and $7 million in unrealized gains from the mark-to-market financial instruments related to basis differentials on natural gas production, partially offset by $16 million lower gas management, international and other miscellaneous revenues. The $67 million increase in production revenues includes $37 million associated with an increase in net production volumes as well as $30 million from increased net realized average prices for production (including the effect of hedge positions). The increase in net production volumes mainly results from the acquisition at the beginning of August 2001 of Barrett Resources Corporation (Barrett). Approximately 78 percent of domestic production in the third quarter of 2002 was hedged. Exploration & Production has contracts that hedge approximately 87 percent of estimated production for the remainder of the year. These hedges are entered into with Energy Marketing & Trading which in turn, enters into offsetting derivative contracts with unrelated third parties. Energy Marketing & Trading bears the counterparty performance risks associated with unrelated third parties. During 2001, a portion of the external derivative contracts was with Enron, which filed for bankruptcy in December 2001. As a result, the contracts were effectively liquidated due to contractual terms concerning bankruptcy and Energy Marketing & Trading recorded estimated charges for the credit exposure. During the third quarter of 2002, Energy Marketing & Trading had additional contracts not related to Enron that were terminated. Under accounting guidance, the other comprehensive income related to a terminated contract remains in accumulated other comprehensive income and is recognized as the underlying volumes are produced. During the third quarter of 2002, approximately $10 million related to the terminated contracts was recognized as revenues while $52 million remains in accumulated other comprehensive income at September 30, 2002.

Costs and operating expenses, including selling, general and administrative expenses, increased $26 million, due primarily to increased depletion, depreciation and amortization and lease operating expenses as a result of the addition of the former Barrett operations.

Included in other (income) expense-net are $143.9 million in net gains from the sales of natural gas production properties. As previously reported, Exploration & Production completed during the third quarter of 2002, the sales of natural gas production properties in the Jonah field (Wyoming) and in the Anadarko Basin. The sales resulted in gains of approximately $122.3 million and $21.6 million, respectively, and generated approximately $326 million in net cash proceeds. The Jonah field properties represented approximately 11 percent of total reserves at December 31, 2001, the absence of which could impact future revenue levels.

Segment profit increased $166.8 million due primarily to the gains from asset sales mentioned above, increased production volumes and higher net realized average prices.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

EXPLORATION & PRODUCTION'S revenues increased $267.6 million, or 65 percent, due primarily to $277 million higher production revenues, $14 million in unrealized gains from the mark-to-market financial instruments related to basis differentials on natural gas production, partially offset by $23 million lower gas management revenues. The $277 million increase in production revenues includes $276 million associated with an increase in net production volumes. The increase in net production volumes results mainly from the acquisition in third quarter 2001 of the former Barrett operations. Approximately 81 percent of domestic production through the third quarter of 2002 was hedged. Through the third quarter of 2002, approximately $28 million related to the terminated contracts discussed above was recognized as revenues. At September 30, 2002, the contracted future hedge contracts are at prices that averaged above the spot market, resulting in an unrealized gain of $130 million (including $52 million related to the terminated contracts as discussed previously) reflected in accumulated other comprehensive income within stockholders' equity. This is a decrease from the unrealized gain at December 31, 2001, due to an increase in natural gas prices.

Gas management revenues consist primarily of marketing activities within the Exploration & Production segment

that are not a direct part of the results of operations for producing activities. These marketing activities include acquisition and disposition of other working interest and royalty interest gas and the movement of gas from the wellhead to the tailgate of the respective plants for sale to Energy Marketing & Trading or third parties.

Costs and operating expenses, including selling, general and administrative expenses, increased $129 million due primarily to $127 million increase in depletion, depreciation and amortization and lease operating expenses resulting from the addition of the former Barrett operations, $23 million higher selling general and administrative expenses and $9 million higher production related taxes, partially offset by $23 million lower gas management costs, and $10 million lower costs from International activities.

Included in other (income) expense-net are $147.4 million in net gains from the sales of natural gas production properties during 2002.

Segment profit increased $268.1 million due primarily to the gains from asset sales and increased production volumes, partially offset by a $5 million decrease in earnings from equity investments and $8.5 million of equity earnings in 2001 related to the 50 percent investment in Barrett held by Williams for the period from June 11, 2001 through August 1, 2001.

MIDSTREAM GAS & LIQUIDS

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ 501.8	$ 414.9	$ 1,339.8	$ 1,506.8
Segment profit	$ 104.0	$ 69.5	$ 210.0	$ 126.4

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

MIDSTREAM GAS & LIQUIDS' revenues increased $86.9 million, or 21 percent, due primarily to a $47 million increase from domestic operations, a $42 million increase from Canadian operations and $10 million higher revenues from Venezuelan activities due primarily to a gas compression facility which began operations in August 2001. The increase in domestic operations reflects $23 million higher natural gas liquids sales from domestic processing activities, $21 million of revenues from Gulf Liquids, a domestic processing and fractionation company which became a consolidated entity in 2002 and $4 million higher domestic processing revenues. The $23 million higher liquids sales from domestic processing activities reflects $25 million from a 24 percent increase in volumes sold, partially offset by $2 million from lower average natural gas liquids sales prices. The increase in the domestic liquids volumes sold is due primarily to expansion of an existing natural gas liquids plant and the impact of another natural gas liquids plant placed in service in fourth-quarter 2001. The increase in the Canadian operations includes $34 million higher natural gas liquids sales from Canadian fractionation activities due primarily to higher propane sales from an extraction facility which began operations in 2002 and higher product sales as a result of improvements made at a parafins facility and $7 million higher liquids sales from Canadian activities reflecting $15 million from a 29 percent increase in average natural gas liquids sales prices, partially offset by $8 million from a 14 percent decrease in volumes sold.

Costs and operating expenses increased $50 million, or 16 percent, due primarily to $21 million higher natural gas liquids purchases related to Canadian fractionation activities, $16 million higher depreciation expense for both foreign and domestic operations due primarily to additional property, plant and equipment placed into service, $15 million related to the domestic fractionation activities of Gulf Liquids, $10 million higher transportation, fractionation and marketing costs related to natural gas liquids sales from processing activities ($6 million related to Canadian activities and $4 million related to domestic activities) and $6 million higher operations and maintenance expense due primarily to the inclusion of the Gulf Liquids operating and maintenance expenses of $10 million combined with $5 million higher expenses related to the Venezuelan gas compression facility, largely offset by a $12 million decrease resulting from operational efficiencies.

Selling, general and administrative costs increased $9 million due primarily to the consolidation of the Gulf Liquids operations.

Included in 2001 other (income) expense - net are impairment charges of $4.2 million related to certain South Texas non-regulated gathering and processing assets.

Segment profit increased $34.5 million, or 50 percent, due primarily to a $27.5 million increase from domestic operations and a $7 million increase from Canadian operations. The domestic operations, which represent 65 percent of 2002 segment profit, increased due to higher natural gas liquids margins of $8 million primarily resulting from favorable shrink prices at the Wyoming plants, $7 million lower other operating costs due primarily to reduced condensate costs, $6 million favorable products margin from Gulf Liquids, $5 million lower operating taxes, $4 million higher domestic processing margins and $3 million in equity earnings in 2002 versus $3 million of equity losses in 2001 reflecting improved results from the Discovery pipeline project. These favorable variances of the domestic operations were partially offset by $12 million higher selling, general and administrative costs and $5 million higher depreciation expense due primarily to the inclusion of Gulf Liquids. The Canadian operations were higher due to improved liquids margins from processing ($8 million) and fractionation ($13 million) due to favorable inventory positions, partially offset by $8 million higher depreciation expense and $5 million higher liquids transportation expense.

Williams is currently evaluating the sale of its Canadian processing, fractionation and olefins businesses. The Canadian business contributed $459 million, or 34 percent, to revenues and $24 million, or 12 percent, to segment profit for the nine months ended September 30, 2002.

Midstream Gas & Liquid's deepwater natural gas and crude infrastructure expansion projects in the Gulf of Mexico are expected to increase both revenues and operating profit in the future. The first major deepwater project, East Breaks, went into service in late 2001.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

MIDSTREAM GAS & LIQUIDS' revenues decreased $167 million, or 11 percent, due primarily to $88 million lower revenues related to natural gas liquids trading, $83 million lower natural gas liquids sales from Canadian processing activities due primarily to a 30 percent decrease in average natural gas liquids sales prices, $31 million higher intrasegment sales, which are eliminated and primarily relate to sales from trading operations, $30 million lower revenues from Canadian processing activities due primarily to lower processing rates which are based on the recovery of certain costs which were lower in 2002 and $16 million lower domestic gathering revenues due primarily to decreased volumes. These decreases were partially offset by $49 million higher revenues from Venezuelan activities primarily due to a gas compression facility which began operations in August 2001, as well as $21 million higher sales from Gulf Liquids, a domestic processing and fractionation facility which became a consolidated entity during 2002, and $6 million higher domestic revenues from transportation activities.

Costs and operating expenses decreased $243 million, or 19 percent. Costs were down due primarily to $169 million lower shrink, fuel and replacement gas purchases relating to processing activities ($127 million related to Canada and $42 million related to domestic activities), $69 million lower costs relating to natural gas liquids trading, $31 million lower external costs due to increased intrasegment purchases discussed above, which are eliminated, $17 million lower natural gas liquids purchases related to Canadian fractionation activities and a $7 million decrease in domestic power expense. Partially offsetting these decreases were $21 million increased depreciation expense for both foreign and domestic operations due primarily to additional property, plant and equipment placed into service, $15 million in higher costs related to the domestic fractionation activities from Gulf Liquids and $13 million higher domestic transportation, fractionation and marketing costs related to natural gas liquids sales from processing activities.

Selling, general and administrative costs increased $17 million due primarily to the addition of the Gulf Liquids assets.

Included in other (income) expense - net within segment costs and expenses for 2001 is $15.1 million of impairment charges related to certain South Texas non-regulated gathering and processing assets. Included in 2002 other (income) expense - net, is a $5.9 million charge representing the impairment of assets to fair value associated with the third-quarter 2002 sale of the Kansas-Hugoton natural gas gathering system.

Segment profit increased $83.6 million, or 66 percent, due primarily to a $62 million increase from domestic operations, a $21 million increase from Canadian operations and an $18 million increase from Venezuelan activities, partially offset by an $18 million decrease from natural gas liquids trading activities. The domestic operations, which represent 67 percent of 2002 segment profit, increased due to higher natural gas liquids margins of $29 million primarily resulting from favorable shrink prices at the Wyoming plants, $14 million lower other operating costs due primarily to reduced condensate costs, the $9 million favorable variance in other (income) expense - net discussed above, decreased power costs due to lower gas prices of $8 million, $6 million increased transportation revenues due primarily to the start up of the deepwater oil and natural gas gathering system in late 2001 and equity earnings in 2002 of $9 million versus $14 million of equity losses in 2001. The equity earnings improvement is due primarily to the Discovery pipeline project. Partially offsetting these favorable variances are the $17 million higher selling, general and administrative costs discussed above and lower gathering revenues of $16 million due primarily to lower volumes. Canadian segment profit was higher due to $22 million improved liquids margins from processing as a result of higher average natural gas liquids prices and $23 million higher fractionation margins due to favorable inventory positions and higher volumes, partially offset by $15 million higher liquids transportation expense and $6 million higher depreciation expense.

WILLIAMS ENERGY PARTNERS

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ 107.5	$ 110.8	$ 303.6	$ 310.7
Segment profit	$ 13.4	$ 27.1	$ 69.8	$ 83.6

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

WILLIAMS ENERGY PARTNERS' segment profit decreased $13.7 million, or 51 percent, due primarily to $9 million higher environmental expense primarily related to the petroleum products pipeline as a result of internal environmental studies completed during third-quarter 2002.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

WILLIAMS ENERGY PARTNERS' revenue decreased $7.1 million, or 2 percent due primarily to $12 million lower commodity sales from transportation activities and reduced ammonia volumes, partially offset by higher revenue from a marine facility acquired in October 2001 and two inland terminals acquired in June 2001.

Costs and operating expenses were relatively unchanged with the effect of $12 million lower commodity purchases offset by $7 million higher environmental expense and higher operating expenses. The increased operating expenses include third-party pipeline lease expenses and additional operating costs from the newly acquired marine and inland terminals.

Segment profit decreased $13.8 million or 17 percent due to the decrease in revenue discussed above, and higher selling, general and administrative expenses.

PETROLEUM SERVICES

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ 1,170.9	$ 1,281.9	$ 3,266.7	$ 4,077.6
Segment profit (loss)	$ (406.2)	$ 42.4	$ (396.5)	$ 189.5

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

PETROLEUM SERVICES' revenues decreased $111 million, or 9 percent, due primarily to $100 million lower refining and marketing revenues and $16 million lower revenues from the travel centers and Alaska convenience stores, partially offset by $6 million higher bio-energy sales. The $100 million decrease in refining and marketing revenues includes $93 million resulting from 10 percent lower refined product volumes sold and $7 million from a decrease in average refined product sales prices. Volumes at the Midsouth refinery declined due to lower crude throughput resulting from the restrictions on obtaining crude supplies due to Williams' credit situation and management's decision to fulfill only firm commitments for diesel fuel as a result of narrowing crack spreads. Volumes at Alaska increased over the prior year's third-quarter. The $16 million decrease in revenues of the travel centers and Alaska convenience stores primarily reflects $19 million from an 11 percent decrease in diesel sales volumes and $9 million from a 4 percent decrease in average diesel and gasoline sales prices and $3 million from a decrease in merchandise sales, partially offset by a $16 million increase in gasoline sales volumes. The decrease in travel center diesel sales volumes includes the impact of renegotiated fleet programs. Travel center gasoline volumes in third-quarter 2001 were lower than normal reflecting the environment after September 11, 2001. The $6 million increase in bio-energy sales primarily reflects a $27 million increase from higher ethanol sales volumes resulting from new marketing agreements, partially offset by a $23 million decrease from lower average ethanol sales prices.

Costs and operating expenses decreased $92 million, or 8 percent, due primarily to $91 million lower refining

and marketing costs and $12 million lower costs for the travel centers and Alaska convenience stores, partially offset by $13 million higher bio-energy costs. The $91 million decrease in refining and marketing costs includes a $75 million decrease from lower crude supply costs and other cost of sales from the refineries related to lower overall volumes and a $16 million decrease in the total cost of refined product purchased for resale, also resulting from lower volumes. The $12 million decrease in costs for the travel centers and the Alaska convenience stores reflects $18 million from lower diesel sales volumes, $5 million from lower average gasoline and diesel purchase prices and $3 million lower store operating and merchandise costs, partially offset by a $14 million increase in gasoline purchase volumes.

Other (income) expense - net in third-quarter 2002 includes a $176.2 million impairment charge related to Williams Midsouth refinery, a $112.1 million impairment charge related to the travel centers and a $144.3 million impairment charge related to bio-energy operations (see Note 3).

Segment profit decreased $448.6 million to a $406.2 million segment loss due primarily to the $432.6 million in impairment charges discussed above in other (income) expense - net, $9 million lower operating profit from refining and marketing operations due primarily to narrowing crack spreads and curtailment of business due to credit capacity limitations, and $7 million lower operating profit from bio-energy operations due primarily to higher product and feedstock costs.

Williams has been in discussions regarding the sale of its refining and marketing operations, and its Alaska convenience stores. In October 2002, Williams' board of directors approved the sale of the travel centers with the closing of the sale anticipated in late fourth-quarter 2002 or early first quarter 2003. In addition, the bio-energy operation is also a business that may be sold in the future and has been the subject of a reserve auction process. Depending of the terms of prospective sales and timing of liquidity needs, Williams may accept amounts that are less than the respective business' carrying value at September 30, 2002.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

PETROLEUM SERVICES' revenues decreased $810.9 million, or 20 percent, due primarily to $544 million lower refining and marketing revenues, $352 million lower travel center/convenience store sales and $16 million lower bio-energy sales, partially offset by $107 million lower intrasegment sales, which are eliminated and primarily relate to sales from refining and marketing to travel center/convenience stores. The $544 million decrease in refining and marketing revenues primarily includes $413 million resulting from 15 percent lower average refined product sales prices and $131 million from a decrease in refined product volumes sold. The decrease in volumes is due primarily to the curtailment of business in second and third-quarter 2002 due to limitations of Williams' credit support capacity. The $352 million decrease in travel center/convenience store costs reflects a $169 million decrease in revenues related to travel centers and Alaska convenience stores and the absence of $183 million in revenues related to the 198 convenience stores sold in May 2001. The $169 million decrease in revenues of the travel centers and Alaska convenience stores primarily reflects $113 million from a 19 percent decrease in diesel sales volumes and $73 million from an 11 percent decrease in average diesel and gasoline sales prices and $6 million from a decrease in merchandise sales, partially offset by a $24 million increase in gasoline sales volumes. The $16 million decrease in bio-energy sales primarily reflects $68 million lower average ethanol sales prices, partially offset by $47 million higher ethanol sales volumes resulting from new marketing agreements.

Costs and operating expenses decreased $737 million, or 19 percent, due primarily to $489 million lower refining and marketing costs and $354 million lower travel center/convenience store costs, partially offset by a $107 million increase in external costs due to decreased intrasegment purchases discussed above, which are eliminated. The $489 million decrease in refining and marketing costs includes a $425 million decrease from lower crude supply costs and other cost of sales from the refineries related to lower overall volumes and a $64 million decrease in the total cost of refined product purchased for resale. The $354 million decrease in travel center and Alaska convenience store costs primarily reflects the absence of $183 million in costs related to the 198 convenience stores sold in May 2001 and a $171 million decrease in costs for the travel centers and Alaska convenience stores. The $171 million decrease in costs for the travel centers and Alaska convenience stores reflects $108 million from decreased diesel sales volumes, $70 million from lower average gasoline and diesel purchase prices and $14 million lower store operating and merchandise costs, partially offset by $22 million in increased gasoline purchase volumes.

Other (income) expense - net in 2002 includes a $176.2 million impairment charge related to Williams Midsouth refinery, $139.1 million in loss accruals and impairment charges related to the travel centers and a $144.3 million impairment charge related to bio-energy operations (see Note 3). Other (income) expense - net in 2001 includes a $72.1 million pre-tax gain from the sale of convenience stores sold in May 2001 and an $11.2 million impairment charge related to an end-to-end mobile computing systems business.

Segment profit decreased $586 million to a $396.5 million segment loss due primarily to the $520.5 million net unfavorable effect related to the impairment charges and other items noted above in other (income) expense - net, the $55 million lower operating profit from refining and marketing operations due primarily to narrowing crack spreads and curtailment of business due to credit issues and $20 million lower operating profit from bio-energy operations due primarily to higher product and feedstock costs.

INTERNATIONAL

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
	(MILLIONS)		(MILLIONS)	
Segment revenues	$ .7	$ 1.1	$ 3.1	$ 2.6
Segment profit (loss)	$ 53.1	$ (10.9)	$ 34.8	$ (22.9)

Three Months Ended September 30, 2002 vs. Three Months Ended September 30, 2001

INTERNATIONAL'S segment profit increased $64 million, due primarily to a $58.5 million gain from the September 2002 sale of Williams' 27 percent ownership interest in the Lithuanian refinery, pipeline and terminal complex and a $6 million decrease in equity losses from the Lithuanian operations for the period. Williams received approximately $85 million from the sale of this investment. In addition, Williams sold its $75 million note receivable from the Lithuanian operations at face value. As a result of the sale of its interest in the Lithuanian operations and the anticipated sale of the soda ash operations (previously reported as continuing operations within International), it is anticipated that the International segment will be included in the Other segment category in future reporting periods.

Results of the soda ash operations previously included in the International segment have been reclassified to discontinued operations (see Note 7) following the board of director's authorization in third-quarter 2002 to sell this business.

Nine Months Ended September 30, 2002 vs. Nine Months Ended September 30, 2001

INTERNATIONAL'S segment profit increased $57.7 million, due primarily to a $58.5 million gain on the sale of Williams' remaining 27 percent ownership interest in the Lithuanian refinery.

FAIR VALUE OF ENERGY RISK MANAGEMENT AND TRADING ACTIVITIES

The fair value of energy risk management and trading contracts for Energy Marketing & Trading and the natural gas liquids trading operations (reported in the Midstream Gas & Liquids segment) decreased $509 million during third-quarter 2002 and $593 million year-to-date. The following table reflects the changes in fair value between December 31, 2001 and September 30, 2002.

	(Millions)
FAIR VALUE OF CONTRACTS OUTSTANDING AT DECEMBER 31, 2001	$ 2,261
Recognized losses included in the fair value of contracts outstanding at December 31, 2001 expected to be realized during the period	173
Initial recorded value of new contracts entered into during the period	181
Net options premiums received during the period(1)	(271)
Changes attributable to market movements of contracts outstanding at March 31, 2002	176
FAIR VALUE OF CONTRACTS OUTSTANDING AT MARCH 31, 2002	$ 2,520
Recognized Gains included in the fair value of contracts outstanding at March 31, 2002 expected to be realized during the period	(243)
Initial recorded value of new contracts entered into during the period	22
Net options premiums paid during the period(1)	23
Changes attributable to market movements of contracts outstanding at June 30, 2002	(145)
FAIR VALUE OF CONTRACTS OUTSTANDING AT JUNE 30, 2002	$ 2,177
Recognized Gains included in the fair value of contracts outstanding at June 30, 2002 expected to be realized during the period	(169)
Initial recorded value of new contracts entered into during the period	1
Changes in fair value attributable to changes in valuation Techniques	(20)
Net option premiums received during the period(1)	(173)
Change attributable to market movements of contracts Outstanding at September 30, 2002	(148)
FAIR VALUE OF CONTRACTS OUTSTANDING AT SEPTEMBER 30, 2002	$ 1,668

(1) Option premiums paid and received are included in the fair value of contracts outstanding during any given period as they are a portion of the overall energy trading portfolio. Option premiums paid result in an initial increase in the fair value of contracts outstanding and a decrease in cash; premiums received result in an initial decrease in the fair value of contracts outstanding and an increase in cash. The underlying value of the options associated with the premium payments are also included in the fair value of contracts outstanding.

The charts below reflect the fair value of energy risk management and trading contracts for Energy Marketing & Trading and the Natural Gas Liquids trading operations (reported in the Midstream Gas & Liquids segment) by valuation methodology and the year in which the recorded fair value is expected to be realized. It should be noted that EITF Issue No. 02-03, which must be adopted no later than periods beginning after December 15, 2002, may have a significant impact on fair values as reported below.

VALUATION TECHNIQUE		TO BE REALIZED IN 1-12 MONTHS (YEAR 1)	TO BE REALIZED IN IN 13-36 MONTHS (YEARS 2-3)	TO BE REALIZED IN MONTHS 37-60 (YEARS 4-5)	TO BE REALIZED IN MONTHS 61-120 (YEARS 6-10)	TO BE REALIZED IN 121+ MONTHS (YEARS 11+)	TOTAL FAIR VALUE
BASED UPON QUOTED PRICES IN ACTIVE MARKETS AND QUOTED PRICES & OTHER EXTERNAL FACTORS IN LESS LIQUID MARKETS(1)	12/31/2001	$ 757	$ 316	$ 345	$ 363	$ 18	$ 1,799
	3/31/2002	$ 875	$ 337	$ 379	$ 435	$ (5)	$ 2,021
	6/30/2002	$ 625	$ 396	$ 383	$ 391	$ 4	$ 1,799
	9/30/2002	$ 195	$ 345	$ 276	$ 269	$ (1)	$ 1,084
BASED UPON MODELS & OTHER VALUATION TECHNIQUES(2)	12/31/2001	$ 231	$ 12	$ (19)	$ 50	$ 188	$ 462
	3/31/2002	$ 53	$ 30	$ --	$ 125	$ 291	$ 499
	6/30/2002	$ 143	$ (111)	$ (33)	$ 112	$ 267	$ 378
	9/30/2002	$ (97)	$ (58)	$ 50	$ 295	$ 394	$ 584
TOTAL	12/31/2001	$ 988	$ 328	$ 326	$ 413	$ 206	$ 2,261
	3/31/2002	$ 928	$ 367	$ 379	$ 560	$ 286	$ 2,520
	6/30/2002	$ 768	$ 285	$ 350	$ 503	$ 271	$ 2,177
	9/30/2002	$ 98	$ 287	$ 327	$ 564	$ 392	$ 1,668
	1Q CHANGE	$ (60)	$ 39	$ 53	$ 147	$ 80	$ 259
	2Q CHANGE	$ (160)	$ (82)	$ (29)	$ (57)	$ (15)	$ (343)
	3Q CHANGE	$ (670)	$ 2	$ (23)	$ 61	$ 121	$ (509)
	YTD CHANGE	$ (890)	$ (41)	$ 1	$ 151	$ 186	$ (593)

(1) A significant portion of the value expected to be realized relates to a contract within the California power market. The original terms of this agreement provide for the sale of power at prices ranging from $62.50 to $87.00 per megawatt hour over a ten-year period at variable volumes up to 1,400 megawatts per hour. On November 11, 2002, Williams executed a Settlement Agreement with California. The Settlement includes a renegotiated long-term energy contract with the State of California. The renegotiated contract provides for the sale of power at prices ranging from $62.50 to $87.00 per megawatt hour through 2010 at varying volumes up to 1,875 megawatts per hour. The value to be realized set forth above does not reflect the revised terms of the contract with the State of California.

(2) Quoted market prices of the underlying commodities are significant factors in estimating the fair value.

Energy Marketing & Trading manages the risk assumed from providing energy risk management services to its customers. This risk resulted from exposure to energy commodity prices, volatility and correlation of commodity prices, the portfolio position of the contracts, liquidity of the market in which the contract is transacted, interest rates, and counterparty performance and credit. Energy Marketing & Trading seeks to diversify its portfolio in managing the commodity price risk in the transactions that it executes in various markets and regions by executing offsetting contracts to manage the commodity price risk in accordance with parameters established in its trading policy. As noted previously, during the third quarter of 2002, Energy Marketing & Trading was significantly constrained in its ability to manage or hedge its portfolio against adverse market movements according to the aforementioned methodology due

to a lack of market liquidity, the market's concerns regarding Williams credit and liquidity, and internal efforts to preserve liquidity.

In response to factors such as recent downgrades by credit rating agencies to below-investment grade and difficulties in obtaining financing facilities, the Company announced a significant reduction in its financial commitment to the Energy Marketing & Trading segment. As a result the Company is evaluating opportunities to sell or liquidate Energy Marketing & Trading's trading portfolio or to form a joint venture around the Energy Marketing & Trading unit with another party. As a result of this decision, the ultimate realization of the estimated fair value of Energy Marketing & Trading's portfolio under this strategy may vary from the amount of the Company's estimate at September 30, 2002.

FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY

Williams' liquidity comes from both internal and external sources. Certain of those sources are available to Williams (parent) and others are available to certain of its subsidiaries. Williams' sources of liquidity consist primarily of the following:

- Available cash-equivalent investments of $980.5 million at September 30, 2002, as compared to $1.1 billion at December 31, 2001.
- $660 million available under Williams' revolving bank-credit facility at September 30, 2002, as compared to $700 million at December 31, 2001. As discussed in Note 11, the borrowing capacity under this facility will reduce as assets are sold.
- $61 million at September 30, 2002 under a new $400 million secured short-term letter of credit facility obtained in the third-quarter 2002.
- Cash generated from operations and the future sales of certain assets.

In April 2002, Williams filed a shelf registration statement with the Securities and Exchange Commission to enable it to issue up to $3 billion of a variety of debt and equity securities. This registration statement was declared effective June 26, 2002. Because of Williams' debt rating and loan covenants, it is unlikely that Williams would be able to issue securities under the shelf registration statement in the near term.

In addition, there are outstanding registration statements filed with the Securities and Exchange Commission for Northwest Pipeline, Texas Gas Transmission and Transcontinental Gas Pipe Line (each a wholly owned subsidiary of Williams). As of November 13, 2002 approximately $450 million of shelf availability remains under these outstanding registration statements and may be used to issue a variety of debt securities. Interest rates, market conditions and industry conditions will affect amounts raised, if any, in the capital markets.

Capital and investment expenditures for 2002 are estimated to total approximately $2.2 billion. 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' $660 million, and/or (3) the sale or disposal of assets.

As discussed in Note 11, Williams Production RMT Company (RMT), a wholly owned subsidiary, entered into a $900 million Credit Agreement dated as of July 31, 2002, with certain lenders including a subsidiary of Lehman Brothers, Inc., a related party to Williams. The loan is guaranteed by Williams, Williams Production Holdings LLC (Holdings) and certain RMT subsidiaries. It is also secured by the capital stock and assets of Holdings and certain of RMT's subsidiaries. The assets of RMT are comprised primarily of the assets of the former Barrett Resources Corporation acquired in 2001, which were primarily natural gas properties in the Rocky Mountain region. The loan matures on July 25, 2003. RMT must be sold within 75 days of a parent liquidity event which will arise if Williams fails to maintain actual and projected liquidity (a) at any time from the closing date through the 180th day thereafter (January 27, 2003), of $600 million; (b) at any time thereafter through and including the maturity date, of $750 million; and (c) only projected liquidity for twelve months after the maturity date, of $200 million. Liquidity projections must be provided weekly until the maturity date.

Outlook

Based on the Company's forecast of cash flows and liquidity, Williams believes that it has the financial resources and liquidity to meet future cash requirements and satisfy current lending covenants for the balance of the year. Included in this forecast are expected proceeds totaling approximately $780 million from the sale of assets, approximately $550 million is expected to close in the fourth-quarter pursuant to definitive agreements and the remainder is expected to close in the fourth quarter upon further negotiations.

Including periods through first-quarter 2004, the Company has scheduled debt retirements of approximately $4.1 billion and anticipates significant additional asset sales to meet its liquidity needs over that period. Realization of the proceeds from forecasted asset sales is a significant factor for the Company to satisfy its loan covenant regarding minimum levels of parent liquidity.

Credit Ratings

At December 31, 2001, Williams maintained certain preferred interest and debt obligations that contained provisions requiring payment of the related obligation or liquidation of the related assets in the event of specified declines in Williams' senior unsecured long-term credit ratings given by Moody's Investor's Service, Standard & Poor's and Fitch Ratings (rating agencies). Obligations subject to these "ratings triggers" totaled $816 million at December 31, 2001. During the first quarter of 2002, Williams negotiated changes to certain of the agreements, which eliminated the exposure to the "ratings trigger" clauses incorporated in the agreements. Negotiations for one of the agreements resulted in Williams agreeing to redeem a $560 million preferred interest over the next year in equal quarterly installments (see Note 13). The obligations subject to "ratings triggers" were reduced to $182 million at March 31, 2002. As a result of the credit rating downgrades in July 2002, Williams redeemed $135 million of preferred interests on August 1, 2002 and repaid a $47 million loan in August 2002.

Williams' energy risk management and trading business also relied upon the investment-grade rating of Williams' senior unsecured long-term debt to satisfy credit support requirements of many counterparties. As a result of the credit rating downgrades to below investment grade levels, Energy Marketing & Trading's participation in energy risk management and trading activities requires alternate credit support under certain existing agreements. In addition, Williams is required to fund margin requirements pursuant to industry standard derivative agreements with cash, letters of credit or other negotiable instruments. For October 1, 2002 through November 11, 2002, Williams has provided approximately $341 million in cash to various counterparties, including prepayments for crude oil for the refineries and margin requirements. Williams continues to negotiate with various counterparties on the types and amounts of credit support that may be required pursuant to adequate assurance and similar provisions in existing agreements. The amount of credit support ultimately required under these agreements may be significant.

Off-Balance Sheet Financing Arrangements and Guarantees of Debt or Other Commitments to Third Parties

As disclosed in Williams' Current Report on Form 8-K dated May 28, 2002, Williams had operating lease agreements with special purpose entities (SPE's). The lease agreements relate to certain Williams travel center stores, offshore oil and gas pipelines and an onshore gas processing plant. As a result of changes to the agreements in conjunction with the secured financing facilities completed in July 2002, the agreements no longer qualify for operating lease treatment. These operating leases were recorded as a capitalized lease beginning in July 2002.

Williams had agreements to sell, on an ongoing basis, certain of its accounts receivable to qualified special-purpose entities. On July 25, 2002, these agreements expired and were not renewed.

WCG and significant events since December 31, 2001 regarding WCG

At December 31, 2001, Williams had financial exposure from WCG of $375 million of receivables and $2.21 billion of guarantees and payment obligations. Williams determined it was probable it would not fully realize the $375 million of receivables, and it would be required to perform under its $2.21 billion of guarantees and payment obligations. Williams developed an estimated range of loss related to its total WCG exposure and management believed that no loss within that range was more probable than another. For 2001, Williams recorded the $2.05 billion minimum amount of the range of loss from its financial exposure to WCG, which was reported in the Consolidated Statement of Operations as a $1.84 billion pre-tax charge to discontinued operations and a $213 million pre-tax charge to continuing operations. The charge to discontinued operations of $1.84 billion included a $1.77 billion minimum amount of the estimated range of loss from performance on $2.21 billion of guarantees and payment obligations. The charge to continuing operations of $213 million included estimated losses from an assessment of the recoverability of the carrying amounts of the $375 million of receivables and a remaining $25 million investment in WCG common stock.

Williams, prior to the spinoff of WCG, provided indirect credit support for $1.4 billion of WCG's Note Trust Notes. On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminated provisions that would have caused acceleration of the WCG Note Trust Notes as a result of a WCG bankruptcy or a Williams credit rating downgrade. The amendment also affirmed

Williams' obligation for all payments due with respect to the WCG Note Trust Notes, which mature in March 2004, and allows Williams to fund such payments from any available sources. In July 2002, Williams acquired substantially all of the WCG Note Trust Notes by exchanging $1.4 billion of Williams Senior Unsecured 9.25 percent Notes due March 2004. In November 2002, Williams acquired the remaining WCG Note Trust Notes.

Williams also provided a guarantee of WCG's obligations under a 1998 transaction in which WCG entered into a lease agreement covering a portion of its fiber-optic network. WCG had an option to purchase the covered network assets during the lease term at an amount approximating the lessor's cost of $750 million. On March 8, 2002, WCG exercised its option to purchase the covered network assets. On March 29, 2002, Williams funded the purchase price of $754 million and became entitled to an unsecured note from WCG for the same amount.

Williams has also provided guarantees on certain other performance obligations of WCG totaling approximately $57 million.

2002 Evaluation

At September 30, 2002, Williams had receivables and claims from WCG of $2.15 billion arising from Williams affirming its payment obligation on the $1.4 billion of WCG Note Trust Notes and Williams paying $754 million under the WCG lease agreement. At September 30, 2002, Williams also had $334 million of previously existing receivables. In third-quarter 2002, Williams recorded in continuing operations a pre-tax charge of $22.9 million related to WCG, including an assessment of the recoverability of its receivables and claims from WCG. For the nine months ended September 30, 2002, Williams has recorded in continuing operations pre-tax charges of $269.9 million related to the recovery of these receivables and claims. At September 30, 2002, Williams estimates that approximately $2.2 billion of the $2.5 billion of receivables from WCG are not recoverable.

See Note 4 for further discussion of Williams' estimate of recoverability including terms of the Settlement Agreement between Williams, WCG, the Official Committee of Unsecured Creditors and Leucadia National Corporation.

OPERATING ACTIVITIES

In March 2002, WCG exercised its option to purchase certain network assets under an operating lease agreement for which Williams provided a guarantee of WCG's obligations. On March 29, 2002, Williams, as guarantor under the agreement, paid $754 million related to WCG's purchase of these network assets. In return, Williams became entitled to receive an instrument of unsecured debt from WCG in the same amount. Williams recorded an additional pre-tax charge of $232 million, $15 million, and $22.9 million in first, second, and third-quarter 2002, respectively, related to its assessment of the recoverability of certain receivables from WCG (see Note 4).

During 2002, Williams was required to provide cash collateral in support of surety bonds underwritten by an insurance company and provide cash collateral in support of letters of credit due to downgrades by credit rating agencies.

During 2002, Williams has recorded a total of approximately $574 million in provisions for losses on property and other assets. Those provisions consisted primarily of the impairments at Petroleum Services, a partial impairment of goodwill at Energy Marketing & Trading and writedowns of investments.

During second-quarter 2002, Williams made a $55 million contribution to its pension plan. Due to the decline of the stock market in 2002, the plan assets have decreased from the values at year end. See the Other section.

FINANCING ACTIVITIES

On January 14, 2002, Williams completed the sale of 44 million publicly traded units, more commonly known as FELINE PACS, that each include a senior debt security and an equity purchase contract. The $1.1 billion of debt has a term of five years, and the equity purchase contract will require the Company to deliver Williams common stock to holders after three years based on a previously agreed rate. Net proceeds from this issuance were approximately $1.1 billion. The FELINE PACS were issued as part of Williams' plan to strengthen its balance sheet and maintain its investment-grade rating.

On March 19, 2002, Williams issued $850 million of 30-year notes with an interest rate of 8.75 percent and $650 million of 10-year notes with an interest rate of 8.125 percent. The proceeds were used to repay outstanding

commercial paper, provide working capital and for general corporate purposes.

In April 2002, Williams Energy Partners L.P., a partially owned and consolidated entity of Williams, borrowed $700 million from a group of institutions. These proceeds were primarily used to acquire Williams Pipe Line, a formerly wholly owned subsidiary of Williams. In May 2002, Williams Energy Partners L.P. issued approximately 8 million common units at $37.15 per unit resulting in approximately $283 million of net proceeds that were used to reduce the $700 million loan. Williams Energy Partners L.P. will refinance the September 30, 2002 balance of $411 million in short-term debt with long-term debt financing (see Note 11).

In May 2002, Energy Marketing & Trading entered into an agreement which transferred the rights to certain receivables, along with risks associated with that collection, in exchange for cash. Due to the structure of the agreement, Energy Marketing & Trading accounted for this transaction as debt collateralized by the claims. The $79 million of debt is classified as current.

As discussed in Note 11 and under the "Liquidity" heading of management's discussion and analysis, RMT entered into a $900 million credit agreement dated as of July 31, 2002.

On March 27, 2002, concurrent with its sale of Kern River to MEHC, Williams issued approximately 1.5 million shares of 9.875 percent cumulative convertible preferred stock for $275 million. Dividends on the preferred stock are payable quarterly (see Note 14).

In July 2002, Williams reduced the quarterly dividend on common stock from $.20 per share to $.01 per share. Additionally, one of the new covenants within the credit agreements limits the common stock dividends paid by Williams in any quarter to not more than $6.25 million.

Williams' long-term debt to debt-plus-equity ratio was 69.6 percent at September 30, 2002 (excluding Central debt), compared to 59.0 percent at December 31, 2001 (excluding Kern River, Central, Mid America Pipeline, and Seminole Pipeline debt). If short-term notes payable and long-term debt due within one year are included in the calculations, these ratios would be 73.1 percent at September 30, 2002 and 64.8 percent at December 31, 2001. Additionally, the long-term debt to debt-plus-equity ratio as calculated for covenants under certain debt agreements, as amended, was 65.8 percent at September 30, 2002.

INVESTING ACTIVITIES

Williams has contributed approximately $215 million towards the development of the Gulfstream joint venture project, a Williams equity investment, during 2002.

Net cash proceeds from asset dispositions, the sales of businesses and investments include the following:

- $1.16 billion related to the sale of Mid-American and Seminole Pipeline on August 1, 2002.
- $464 million related to the sale of Kern River on March 27, 2002.
- $326 million from the sale of Jonah Field and Anadarko Basin properties on August 1, 2002.
- $217 million related to the sale of the Cove Point LNG Facility on September 5, 2002.
- $85 million related to the sale of Williams' 27 percent interest in the Lithuanian refinery, pipeline and terminal complex on September 19, 2002.
- $75 million related to the sale of a note receivable from the Lithuanian refinery, pipeline and terminal complex.
- $77 million related to the sale of Kansas Hugoton on August 2, 2002.
- $12 million from the sale of Williams' interest in Northern Border Partners on August 16, 2002.

COMMITMENTS

The table below summarizes the maturity or redemption by year of the notes payable, long-term debt and preferred interests in consolidated subsidiaries outstanding at September 30, 2002 by period. These amounts do not reflect debt reductions contingent upon asset sales (see Note 11)

	October 1 - December 31 2002	2003	2004	2005	2006	Thereafter	Total
Notes payable	$ --	$ 929(1)	$ --	$ --	$ --	$ --	$ 929
Long-term debt, including current portion	685	1,075	2,991(2)	402	1,042(3)	7,492	13,687

(1) An additional $240 million will be paid at maturity of the RMT note payable related to a deferred set up fee and deferred interest.
(2) Includes $1.1 billion of 6.5% notes, payable 2007, subject to remarketing in 2004.
(3) Includes $400 million of 6.75% notes, payable 2016, putable/callable in 2006.

OTHER

If lump sum payments made during 2002 from the pension plan reach the settlement accounting threshold, Williams would be required to recognize certain unrecognized net losses that would increase pension expense. Williams anticipates that the threshold will be reached in the fourth quarter of 2002 resulting in an additional expense charge of $25 million to $35 million. In addition, on January 1, 2002, the market value of plan assets exceeded the accumulated benefit obligation (calculated using a discount rate of 7.5 percent). Through September 30, 2002, the assets in the defined benefit pension plans have experienced negative returns. If, at December 31, 2002, the market value of each plan's assets are less than the respective plan's accumulated benefit obligation, Williams may be required to make additional cash contributions to the plan during the fourth quarter such that the market value of plan assets would exceed the accumulated benefit obligation at December 31, 2002, in order to avoid recording an additional charge to stockholders' equity.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

Williams' interest rate risk exposure associated with the debt portfolio was impacted by new debt issuances in first and third-quarter 2002. In January 2002, Williams issued $1.1 billion of 6.5 percent notes payable 2007 (see Note 11). In February 2002, $240 million of 6.125 percent notes were retired. In March 2002, Williams issued $850 million of 8.75 percent notes due 2032 and $650 million of 8.125 percent notes due 2012. Also in March 2002, the terms of a $560 million priority return structure classified as preferred interest in consolidated subsidiaries were amended. Based on the new payment terms of the amendment, the remaining balance due has been reclassified from preferred interests in consolidated subsidiaries to long-term debt due within one year (see Note 13). The interest rate varies based on LIBOR plus an applicable margin and was 2.803 percent at September 30, 2002. Through September 30, 2002, $224 million has been redeemed.

Pursuant to the completion of a consent solicitation during first-quarter 2002 with WCG Note Trust holders, Williams recorded $1.4 billion of long-term debt obligations. In July 2002, Williams acquired substantially all of the WCG Note Trust notes by exchanging $1.4 billion of Williams Senior Unsecured 9.25 percent notes due March 2004 (see Note 4). In November 2002, Williams acquired the remaining WCG Note Trust Notes. In July 2002, Transcontinental Gas Pipe Line issued $325 million of 8.875 percent long-term debt obligations due 2012 and Williams obtained a $900 million secured short-term loan. The $900 million borrowing accrues interest at a 14 percent interest rate plus a variable rate, which is currently 5.81 percent.

COMMODITY PRICE RISK

At September 30, 2002, the value at risk for the Energy Marketing & Trading operations and the natural gas liquids trading operations (now reported in the Midstream Gas & Liquids segment) was $48.9 million compared to $74.5 million at June 30, 2002. This decline in value at risk is primarily a result of the $509 million decline in overall portfolio value outlined in previous sections. Value at risk requires a number of key assumptions and is not necessarily representative of actual losses in fair value that could be incurred from the trading portfolio. The value-at-risk model includes all financial instruments and physical positions and commitments in its trading portfolio and assumes that as a result of changes in commodity prices, there is a 95 percent probability, but not certainty, that the one-day loss in fair value of the trading portfolio will not exceed the value at risk. The value-at-risk model uses historical simulations to estimate hypothetical movements in future market prices assuming normal market conditions based upon historical market prices. Value at risk does not consider that changing the energy risk management and trading portfolio in response to market conditions could affect market prices and could take longer to execute than the one-day holding period assumed in the value-at-risk model. While a one-day holding period is the industry standard, a longer holding period could more accurately represent the true market risk in an environment where market illiquidity and credit and liquidity constraints of the company may result in further inability to mitigate risk in a timely manner in response to changes in market conditions.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the effectiveness of the design and operation of Williams' disclosure controls and procedures (as defined in Rule 13a-14 and 15d-14 of the Securities Exchange Act) was performed within the 90 days prior to the filing date of this report. This evaluation was performed under the supervision and with the participation of Williams' management, including Williams' Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, Williams' Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures are effective.

There have been no significant changes in Williams' internal controls or other factors that could significantly affect internal controls since the certifying officers' most recent evaluation of those controls.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information called for by this item is provided in Note 12 Contingent liabilities and commitments included in the Notes to Consolidated Financial Statements included under Part I, Item 1. Financial Statements of this report, which information is incorporated by reference into this item.

Item 2. Changes in Securities and Use of Proceeds

Pursuant to the terms of the new credit facilities entered into on July 31, 2002, Williams is restricted from declaring and paying dividends in any quarter the aggregate amount of which would be greater than $6.25 million. This restriction does not limit Williams' ability to declare and pay dividends on preferred stock issued prior to July 31, 2002, nor does it limit the ability of Williams Energy Partners L.P. to make distributions to its unit holders pursuant to the terms of its partnership agreement.

The terms of the 9.875 percent cumulative convertible preferred stock issued to MEHC (see Note 14) prohibit Williams from declaring and paying dividends on its common stock or any other parity preferred stock if dividends on the 9.875 percent cumulative convertible preferred stock are in arrears. Dividends on all parity preferred stock not paid in full must be paid pro rata.

Item 6. Exhibits and Reports on Form 8-K

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

Exhibit 10.1 -- Amendment No. 1 dated as of October 31, 2002 to Credit Agreement dated as of July 31, 2002 among The Williams Companies, Inc., Williams Production Holdings LLC, Williams Production RMT Company, as Borrower, the Several Lenders from time to time parties thereto, Lehman Brothers Inc., as Lead Arranger and Book Manager, and Lehman Commercial Paper Inc., as Syndication Agent and Administrative Agent, and Guarantee and Collateral Agreement made by The Williams Companies, Inc., Williams Production Holdings LLC, Williams Production RMT Company and certain of its Subsidiaries in favor of Lehman Commercial Paper Inc., as Administrative Agent, dated as of July 31, 2002.

Exhibit 10.2 -- First Amended and Restated Credit Agreement dated as of October 31, 2002 among The Williams Companies, Inc., Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation and Texas Gas Transmission Corporation, as Borrowers, the Banks named therein, JPMorgan Chase Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, Citicorp USA, Inc., as Agent, and Salomon Smith Barney Inc., as Arranger.

Exhibit 10.3 -- Amended and Restated Credit Agreement dated as of October 31, 2002 among The Williams Companies, Inc., as Borrower, Citicorp USA, Inc., as Agent and Collateral Agent, Bank of America N.A., as Syndication Agent, Citibank, N.A., Bank of America N.A. and The Bank of Nova Scotia, as Issuing Banks, the Banks named therein, as Banks, and Salomon Smith Barney Inc., as Arranger.

Exhibit 10.4 -- First Amendment dated as of October 31, 2002 to Security Agreement dated as of July 31, 2002 among The Williams Companies, Inc. and each of the Subsidiaries which is or subsequently becomes a party to the Security Agreement in favor of Citibank, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations.

Exhibit 10.5 -- First Amendment dated as of October 31, 2002 to Pledge Agreement dated as of July 31, 2002 among The Williams Companies, Inc. and each of the Subsidiaries which is or subsequently becomes a party to the Pledge Agreement in favor of Citibank, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations.

Exhibit 10.6 -- First Amendment dated as of October 31, 2002 to Guaranty dated as of July 31, 2002 by Williams Gas Pipeline Company, L.L.C. in favor of the Financial Institutions as defined therein.

Exhibit 10.7 -- First Amendment dated as of October 31, 2002 to Collateral Trust Agreement dated as of July 31, 2002 among The Williams Companies, Inc. and certain of its Subsidiaries, as Debtors, and Citibank, N.A., as Collateral Trustee.

Exhibit 10.8 -- First Amendment to Guaranty by Midstream Entities dated as of October 31, 2002 to Guaranty dated as of July 31, 2002 by certain Midstream Subsidiaries, as defined therein, in favor of Citibank, N.A., as surety administrative agent for the holders of the Secured Obligations.

Exhibit 10.9 -- Amended and Restated Subordinated Guaranty dated as of October 31, 2002 by Williams Production Holdings LLC in favor of the Financial Institutions as defined therein.

Exhibit 10.10 -- First Amended and Restated Term Loan Agreement dated as of October 31, 2002 among The Williams Companies, Inc., as Borrower, Credit Lyonnais New York Branch, as Administrative Agent, Commerzbank AG New York and Grand Cayman Branches, as Syndication Agent, The Bank of Nova Scotia, as Documentation Agent, and the Lenders named therein.

Exhibit 10.11 -- Settlement and Retention Agreement dated August 7, 2002, between The Williams Companies, Inc. and William G. von Glahn

Exhibit 10.12 -- Form of Change in Control Severance Agreement between the Company and certain executive officers.

Exhibit 12 -- Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.

Exhibit 99.1 -- Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Steven J. Malcolm, Chief Executive Officer of The Williams Companies, Inc.

Exhibit 99.2 -- Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Jack D. McCarthy, Chief Financial Officer of The Williams Companies, Inc.

(b) During third-quarter 2002, Williams filed a Form 8-K on the following dates reporting events under the specified items: July 3, 2002 Items 5 and 7; July 12, 2002 Items 5 and 7; July 23, 2002 Item 9; July 26, 2002 Item 9; July 29, 2002 Item 9; July 31, 2002 Item 9; August 6, 2002 Item 9; August 14, 2002 Item 9; August 15, 2002 Item 9; August 21, 2002 Item 9; September 6, 2002 Item 9; September 17, 2002 Item 9; and September 24, 2002 Item 9 (filed two Form 8-K's on this date).

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)

November 14, 2002

CERTIFICATION

I, Steven J. Malcolm, President and Chief Executive Officer of The Williams Companies, Inc. ("registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function);

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ STEVEN J. MALCOLM

Steven J. Malcolm
President and Chief Executive Officer

I, Jack D. McCarthy, Senior Vice President - Finance and Chief Financial Officer of The Williams Companies, Inc. ("registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of registrant;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function);

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ JACK D. MCCARTHY

Jack D. McCarthy
Senior Vice President - Finance
and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
Exhibit 10.1	-- Amendment No. 1 dated as of October 31, 2002 to Credit Agreement dated as of July 31, 2002 among The Williams Companies, Inc., Williams Production Holdings LLC, Williams Production RMT Company, as Borrower, the Several Lenders from time to time parties thereto, Lehman Brothers Inc., as Lead Arranger and Book Manager, and Lehman Commercial Paper Inc., as Syndication Agent and Administrative Agent, and Guarantee and Collateral Agreement made by The Williams Companies, Inc., Williams Production Holdings LLC, Williams Production RMT Company and certain of its Subsidiaries in favor of Lehman Commercial Paper Inc., as Administrative Agent, dated as of July 31, 2002.
Exhibit 10.2	-- First Amended and Restated Credit Agreement dated as of October 31, 2002 among The Williams Companies, Inc., Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation and Texas Gas Transmission Corporation, as Borrowers, the Banks named therein, JPMorgan Chase Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, Citicorp USA, Inc., as Agent, and Salomon Smith Barney Inc., as Arranger.
Exhibit 10.3	-- Amended and Restated Credit Agreement dated as of October 31, 2002 among The Williams Companies, Inc., as Borrower, Citicorp USA, Inc., as Agent and Collateral Agent, Bank of America N.A., as Syndication Agent, Citibank, N.A., Bank of America N.A. and The Bank of Nova Scotia, as Issuing Banks, the Banks named therein, as Banks, and Salomon Smith Barney Inc., as Arranger.
Exhibit 10.4	-- First Amendment dated as of October 31, 2002 to Security Agreement dated as of July 31, 2002 among The Williams Companies, Inc. and each of the Subsidiaries which is or subsequently becomes a party to the Security Agreement in favor of Citibank, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations.
Exhibit 10.5	-- First Amendment dated as of October 31, 2002 to Pledge Agreement dated as of July 31, 2002 among The Williams Companies, Inc. and each of the Subsidiaries which is or subsequently becomes a party to the Pledge Agreement in favor of Citibank, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations.
Exhibit 10.6	-- First Amendment dated as of October 31, 2002 to Guaranty dated as of July 31, 2002 by Williams Gas Pipeline Company, L.L.C. in favor of the Financial Institutions as defined therein.
Exhibit 10.7	-- First Amendment dated as of October 31, 2002 to Collateral Trust Agreement dated as of July 31, 2002 among The Williams Companies, Inc. and certain of its Subsidiaries, as Debtors, and Citibank, N.A., as Collateral Trustee.
Exhibit 10.8	-- First Amendment to Guaranty by Midstream Entities dated as of October 31, 2002 to Guaranty dated as of July 31, 2002 by certain Midstream Subsidiaries, as defined therein, in favor of Citibank, N.A., as surety administrative agent for the holders of the Secured Obligations.
Exhibit 10.9	-- Amended and Restated Subordinated Guaranty dated as of October 31, 2002 by Williams Production Holdings LLC in favor of the Financial Institutions as defined therein.
Exhibit 10.10	-- First Amended and Restated Term Loan Agreement dated as of October 31, 2002 among The Williams Companies, Inc., as Borrower, Credit Lyonnais New York Branch, as Administrative Agent, Commerzbank AG New York and Grand Cayman Branches, as Syndication Agent, The Bank of Nova Scotia, as Documentation Agent, and the Lenders named therein.
Exhibit 10.11	-- Settlement and Retention Agreement dated August 7, 2002, between The Williams Companies, Inc. and William G. von Glahn
Exhibit 10.12	-- Form of Change in Control Severance Agreement between the Company and certain executive officers.
Exhibit 12	-- Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
Exhibit 99.1	-- Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Steven J. Malcolm, Chief Executive Officer of The Williams Companies, Inc.
Exhibit 99. 2	-- Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Jack D. McCarthy, Chief Financial Officer of The Williams Companies, Inc.

EXECUTION VERSION

EXHIBIT 10.1

AMENDMENT NO. 1

TO

CREDIT AGREEMENT

AND

GUARANTEE AND COLLATERAL AGREEMENT

Amendment No. 1, dated as of October 31, 2002 (this "Amendment"), to (a) the Credit Agreement, dated as of July 31, 2002 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among The Williams Companies, Inc. ("Parent"), Williams Production Holdings LLC ("Holdings"), Williams Production RMT Company ("Borrower"), the institutions party thereto from time to time as lenders ("Lenders"), Lehman Brothers Inc., as Lead Arranger and Book Manager, and Lehman Commercial Paper Inc., as Syndication Agent and as Administrative Agent (in such capacity, "Administrative Agent") and (b) the Guarantee and Collateral Agreement, dated as of July 31, 2002 (the "Guarantee and Collateral Agreement"), made by Parent, Holdings, the Borrower and certain Subsidiaries of the Borrower in favor of the Administrative Agent. Defined terms used herein and not otherwise defined herein shall have the meanings given to them in the Credit Agreement.

WHEREAS, Parent, Holdings, Borrower, the other Loan Parties, Lenders and Administrative Agent have agreed to amend certain provisions of the Credit Agreement and the Guarantee and Collateral Agreement to effect certain agreed upon changes thereto on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Parent, Holdings, Borrower, Lenders and Administrative Agent agree as follows:

1. Amendments. Effective as of the Effective Date (as defined below) and subject to the satisfaction of the conditions precedent set forth in Section 2 below:

(a) the Credit Agreement shall be and hereby is amended and restated in its entirety in the form of the conformed Credit Agreement attached hereto as Exhibit A.

(b) Schedule 4.4 (Consents, Authorizations, Filings and Notices) of the Credit Agreement shall be and hereby is amended and restated in its entirety in the form attached as Exhibit B.

(c) Schedule 4.6 (Material Litigation) of the Credit Agreement shall be and hereby is amended and restated in its entirety in the form attached hereto as Exhibit C.

(d) Schedule 4.19(a)-2 (UCC Financing Statements to Remain on File) of the Credit Agreement shall be and hereby is amended and restated in its entirety in the form attached hereto as Exhibit D.

(e) Schedule 6.15(a) (Hedging Arrangements) of the Credit Agreement shall be and hereby is amended and restated in its entirety in the form attached hereto as Exhibit E.

(f) Schedule 7.2(d) (Existing Indebtedness) of the Credit Agreement shall be and hereby is amended and restated in its entirety in the form attached as Exhibit F.

(g) Schedule 7.3(j) (Existing Liens) of the Credit Agreement shall be and hereby is amended and restated in its entirety in the form attached hereto as Exhibit G.

(h) Exhibit H shall be and hereby is inserted as Schedule 1.1(c) (Historical Hedging Addbacks) to the Credit Agreement.

(i) Exhibit I shall be and hereby is inserted as Schedule 1.1(d) (Specified Non-Recourse Debt) to the Credit Agreement.

(j) Exhibit J shall be and hereby is inserted as Schedule 4.21 (Specified Non-Recourse Debt Documents) to the Credit Agreement.

(k) Exhibit K shall be and hereby is inserted as Schedule 7.5(g)(i) (Certain Dispositions) to the Credit Agreement.

(l) Exhibit L shall be and hereby is inserted as Exhibit L (No Parent Liquidity Event Certificate) to the Credit Agreement.

(m) The definition of "Excluded Assets" in the Guarantee and Collateral Agreement shall be and is hereby amended by (i) deleting the word "and" immediately prior to the phrase "(2) the Capital Stock" and (ii) adding the following phrase at the end of such definition: "and (3) the GE Equipment securing the GE Loan".

(n) The Guarantee and Collateral Agreement shall be and hereby is amended by adding the parenthetical "(except the GE Equipment securing the obligations of the Borrower under the GE Loan)" immediately after the word "Equipment" in Section 3(f) thereof.

2. Conditions Precedent. This Amendment shall become effective as of July 31, 2002 (the "Effective Date") upon satisfaction of the following conditions precedent:

(a) the Administrative Agent has received duly executed originals of (i) this Amendment from Parent, Holdings, Borrower, the other Loan Parties, the Required Lenders and the Administrative Agent and (ii) an Assumption Agreement in substantially the form attached as Annex I to the Guarantee and Collateral Agreement from Rulison Gas Company, LLC;

(b) the Administrative Agent shall have received legal opinions from (i) outside counsel to Parent, Holdings and Borrower and (ii) the general counsel of Parent, Holdings and Borrower, in each case, in form and substance satisfactory to the Administrative Agent;

(c) the Administrative Agent shall have received duly executed and fully effective copies of (i) an amendment and restatement of the Credit Agreement, dated as of July 25, 2000, among Parent, Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation and Texas Gas Transmission Corporation, as Borrowers, the financial institutions party thereto, as Banks, JPMorgan Chase Bank (formerly known as 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 amended (the "Multiyear Williams Credit Agreement"), (ii) an amendment and restatement of the Credit Agreement, dated as of July 31, 2002, among Parent, as Borrower, the financial institutions party thereto, as Banks, the Issuing Banks, and Citicorp USA, Inc., as Agent and Collateral Agent, as amended (the "L/C Agreement"), and (iii) all other consents described on Schedule 4.4 of the Credit Agreement, in each case, in form and substance satisfactory to the Required Lenders;

(d) the Administrative Agent shall have received such other certificates, information and opinions as any Required Lender through the Administrative Agent may reasonably request, in each case, in form and substance satisfactory to the Required Lenders;

(e) the Administrative Agent shall have received revised documentation related to the Borrower's hedging arrangements pursuant to Schedule 6.15(a) of the Credit Agreement, amended, supplemented or otherwise modified in accordance with Schedule I hereto, in each case, in form and substance satisfactory to the Required Lenders in their sole discretion;

(f) the representations and warranties set forth in Section 3 of this Amendment shall be true and correct; and

(g) a certificate dated as of the date all of the conditions set forth in Section 2 of this Amendment shall have been satisfied from each of (i) the chief financial officer of the Parent and (ii) the general counsel of the Parent, in each case certifying in writing that as of such date there shall not have occurred and be continuing any default or event of default under (A) the Credit Agreement and (B) any Indebtedness of Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries that, with notice or the passage of time or both, would permit the holders thereof to accelerate such Indebtedness

and any other Indebtedness of Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries that may be accelerated and has an aggregate principal amount outstanding in excess of $5,000,000 in the aggregate.

3. Representations and Warranties of Parent, Holdings and Borrower. Parent, Holdings and Borrower hereby represent and warrant as of the date hereof as follows:

(a) Each of Parent, Holdings, the Borrower and its Subsidiaries (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has the power and authority, and the legal right, to own and operate its Property, to lease the Property it operates as lessee and to conduct the business in which it is currently engaged, including the Oil and Gas Business, (iii) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of Property or the conduct of its business requires such qualification and (iv) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Parent and each Loan Party has the power and authority, and the legal right, to make, deliver and perform this Amendment. Parent and each Loan Party has taken all necessary corporate, partnership, limited liability company or other action to authorize the execution, delivery and performance of this Amendment. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment. This Amendment has been duly executed and delivered on behalf of Parent and each Loan Party. This Amendment constitutes a legal, valid and binding obligation of Parent and each Loan Party, enforceable against Parent and each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(c) The execution, delivery and performance of this Amendment will not violate any Requirement of Law or any Contractual Obligation of Parent (or a Subsidiary thereof, other than Holdings, the Borrower or any of the Borrower's Subsidiaries), Holdings, the Borrower or any of the Borrower's Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to Parent, Holdings, the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

(d) Upon the effectiveness of (i) this Amendment and (ii) the Waiver to the Credit Agreement dated as of the date hereof, each of Parent, Holdings and Borrower

hereby reaffirms all representations and warranties made in the Loan Documents and to the extent the same are not amended hereby, agrees that all such representations and warranties shall be deemed to have been remade as of the date of delivery of this Amendment, unless and to the extent that any such representation and warranty is stated to relate solely to an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date.

(e) Upon the effectiveness of (i) this Amendment and (ii) the Waiver to the Credit Agreement dated as of the date hereof, no Event of Default or any event or circumstance which with the passage of time or giving of notice or both would constitute an Event of Default has occurred and is continuing under the Credit Agreement.

(f) A Company Sale would not violate any Contractual Obligation of Parent (or a Subsidiary thereof, other than Holdings, the Borrower or any of the Borrower's Subsidiaries), Holdings, the Borrower or any of the Borrower's Subsidiaries.

4. Fees, Costs and Expenses. The Borrower agrees to pay on demand in accordance with the terms of Section 10.5 of the Credit Agreement all costs and expenses of the Administrative Agent and the Original Lenders in connection with the preparation, execution and delivery of this Amendment, including the reasonable fees and expenses of counsel to the Administrative Agent and of counsel to the Original Lenders with respect thereto.

5. Reference to and Effect on the Credit Agreement and the Other Loan Documents.

(a) Upon the effectiveness of this Amendment, on and after the date hereof, (a) each reference in the Credit Agreement to "this Credit Agreement", "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Credit Agreement, as amended hereby, and (b) each reference in the Guarantee and Collateral Agreement to "this Guarantee and Collateral Agreement", "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Guarantee and Collateral Agreement, as amended hereby.

(b) Except as specifically amended or waived above, the Credit Agreement and the Guarantee and Collateral Agreement, each as amended hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed. This Amendment shall be a Loan Document for the purposes of the Credit Agreement and the other Loan Documents.

(c) Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement, the Guarantee and Collateral Agreement or any other

documents, instruments and agreements executed and/or delivered in connection therewith.

6. Acknowledgment and Agreement. The parties to this Amendment acknowledge and agree that (a) the Credit Agreement (as amended and restated hereby) does not constitute a novation, payment and reborrowing or termination of the Obligations under the Credit Agreement as in effect prior to the effectiveness of this Amendment (the "Existing Obligations"), (b) the Existing Obligations are in all respects continuing under the Credit Agreement (as amended and restated hereby) with only the terms thereof being modified as provided for in this Amendment, (c) the Liens and guarantees as granted under the Security Documents securing payment of the Existing Obligations are in all respects continuing and in full force and effect and secure the payment of the Obligations under and as defined in the Credit Agreement (as amended and restated hereby) and (d) upon the effectiveness of this Amendment, all Term Loans made under the Credit Agreement prior to the effectiveness hereof will be continued as Term Loans under the Credit Agreement (as amended and restated hereby), in each case on the terms and conditions set forth in this Amendment and the other Loan Documents.

7. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

8. Heading. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

9. Counterparts. This Amendment may be executed by one or more of the parties hereto an any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

10. Miscellaneous.

(a) This Amendment represents the entire agreement of the Parent, Holdings, the Borrower, the other Loan Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein.

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

[Signature Pages Follow]

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

THE WILLIAMS COMPANIES, INC. , as a Guarantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

[SIGNATURE PAGE TO AMENDMENT NO. 1]

WILLIAMS PRODUCTION HOLDINGS LLC,
as a Guarantor and a Grantor

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 1]

WILLIAMS PRODUCTION RMT COMPANY,
as Borrower and a Grantor

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 1]

PLAINS PETROLEUM GATHERING
COMPANY, as a Guarantor

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 1]

BARRETT RESOURCES INTERNATIONAL
CORPORATION, as a Guarantor

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 1]

BARGATH INC., as a Guarantor

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 1]

BARRETT FUELS CORPORATION, as a
Guarantor

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 1]

LEHMAN COMMERCIAL PAPER INC., as
Administrative Agent and a Lender

By: /s/ Francis Chang

Name: Francis Chang
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 1]

NATIONAL INDEMNITY COMPANY, as
a Lender

By: /s/ Marc Hamburg

Name: Marc Hamburg
Title: Treasurer

[SIGNATURE PAGE TO AMENDMENT NO. 1]

SCHEDULE I

HEDGING DOCUMENTATION

Corporate Guarantee

1. Amend the definition of "Obligations" in Section 1 of the Corporate Guarantee, dated as of July 31, 2002 (the "Guarantee"), by the Parent in favor of the Borrower to the following: "all present and future obligations and liabilities of all kinds of the Company to the Counterparty, whether due or to become due, secured or unsecured, absolute or contingent, joint or several, pursuant to the EMT Hedge Agreements (as defined in Schedule 6.15(a) to the Credit Agreement, dated as of July 31, 2002, by and among Guarantor, Williams Production Holdings LLC, a Delaware limited liability company, Counterparty, the lenders from time to time party thereto, Lehman Brothers, Inc., as advisor, lead arranger and book manager, Lehman Commercial Paper Inc., as Syndication Agent, and Lehman Commercial Paper Inc., as Administrative Agent), as amended from time to time (the "Obligations")".

2. Delete the July 25, 2003 termination date and the Parent's right terminate the Guarantee upon thirty days prior written notice in Section 1(ii) of the Guarantee.

3. In Section 2 of the Guarantee, delete the last sentence thereof where the Guarantor reserves the right to raise the defenses of Williams Energy Marketing & Trading Company ("EMT").

4. Add to the Guarantee a representation that the Guarantee has been duly authorized, executed and delivered by the Parent and is a legal, valid and enforceable obligation of the Parent.

5. Add a provision that the Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed thereunder, in whole or in part, is invalidated, rescinded or must otherwise be returned by the Borrower as a result of being declared fraudulent or preferential or upon the insolvency, bankruptcy or reorganization of the EMT or the Parent or otherwise, all as though such payment had not been made.

ISDA Schedule

6. "Cross Default" amount to be $60,000,000.

7. Add an objective standard of "materially weaker" with respect to a "Credit Event Upon Merger" (i.e., rating downgrade of at least 1 level).

8. Delete the amendment to the "Automatic Early Termination" provision in Part 1(f) of the ISDA Schedule.

9. Add as an Additional Event of Default in Part 1(i) of the ISDA Schedule the following: "The termination of, or any default under, in each case during the period any Transactions are outstanding, the Corporate Guarantee, dated as of July 31, 2002, by The Williams Companies, Inc. in favor of Williams Production RMT Company of Party B's obligations hereunder."

10. In Part 4(a), all notices and communications between the parties should be copied to: Lehman Commercial Paper Inc., as Administrative Agent, 745 Seventh Avenue, New York, New York 10019, Attention Francis Chang, facsimile no. (212) 526-0242, telephone no. (212) 526-5390.

11. Add to Part 4(f) of the ISDA Schedule the following: "In addition, the Corporate Guarantee, dated as of July 31, 2002, by The Williams Companies, Inc. in favor of Williams Production RMT Company of Party B's obligations hereunder shall be a Credit Support Document hereunder."

12. Add The Williams Companies, Inc. as a Credit Support Provider in Part 4(g)(ii) of the ISDA Schedule.

13. In Part 5(a) of the ISDA Schedule, any transfer or other assignment must be subject to the Administrative Agent's receipt of prompt notice and prior approval (which approval shall not be unreasonably withheld).

14. In Part 5(a)(ii) of the ISDA Schedule, any transfer by Party B must be accompanied by the Parent Guarantee and subject to the restriction that no transfer shall be permitted if, as a result thereof, a payment becomes subject to any deduction or withholding on account of any tax which would not have arisen had such assignment or transfer not been effected.

15. In Part 5(b) of the ISDA Schedule, all "Confirmations" must be subject to the Administrative Agent's receipt of prompt notice and prior approval (which approval shall not be unreasonably withheld).

16. In Part 5(b) of the ISDA Schedule, delete the second to last sentence regarding the two day notification period in its entirety.

17. Delete the right of set-off in Part 5(f) of the ISDA Schedule.

18. In Part 6(b) of the ISDA Schedule, Party A should have the right to assume the position of Calculation Agent after an Event of Default if Party B is the defaulting party.

Credit Support Annex

19. In Paragraph 13(b)(iii) of Annex A, Paragraph 13 to the ISDA Credit Support Annex dated as of July 29, 2002 (the "Annex") between the Borrower and EMT, "Other Eligible Support" must be subject to the Administrative Agent's prior approval (which approval shall not be unreasonably withheld).

20. In Paragraph 13(b)(iv)(C) of the Annex, add after the word "Collateral" the following: "(as defined in the Credit Agreement, dated as of July 31, 2002, by and among The Williams Companies, Inc., a Delaware corporation, Williams Production Holdings LLC, a Delaware limited liability company, Party A, the lenders from time to time party thereto, Lehman Brothers, Inc., as advisor, lead arranger and book manager, Lehman Commercial Paper Inc., as Syndication Agent, and Lehman Commercial Paper Inc., as Administrative Agent, as amended from time to time)".

21. Renumber Paragraph 13(b)(iv) (Special Provisions) of the Annex as Paragraph 13(b)(v).

22. In renumbered Paragraph 13(b)(v) (Special Provisions) of the Annex, amend the first "Transaction" to "Transactions".

23. In Paragraph 13(e) of the Annex, clarify that the consent of the Secured Party is required to substitute collateral.

24. The Borrower shall execute and deliver to the Administrative Agent by November 15, 2002 a Control Agreement and any other documents necessary or desirable to enable the Administrative Agent (for the benefit of the Lenders) to have a perfected security interest in and "control" (within the meaning of the UCC) of the Posted Collateral (as defined in the Annex).

25. In Paragraph 13(j)(ii) of the Annex, add the following: "with a copy of such Letter of Credit to Lehman Commercial Paper Inc., as Administrative Agent, 745 Seventh Avenue, New York, New York 10019, Attention Francis Chang, facsimile no. (212) 526-0242, telephone no. (212) 526-5390".

26. Amend Paragraph 13(j)(iii)(A) of the Annex in its entirety to read as follows:

> "Unless otherwise agreed in writing by the parties, each Letter of Credit shall be provided in accordance with the provisions of this Annex, and each Letter of Credit shall be maintained for the benefit of the Secured Party. The Pledgor shall renew or cause the renewal of each outstanding Letter of Credit delivered as Posted Collateral hereunder on a timely basis as provided in the relevant Letter of Credit; provided, that if either (i) the bank that issued any such outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit (or provide a substitute Letter of Credit) at least thirty (30) Business Days prior to the expiration of the outstanding Letter of Credit or the Pledgor shall fail to renew such Letter of Credit, or (ii) a bank issuing a Letter of Credit shall fail to honor the Secured Party's properly documented request to draw on an outstanding Letter of Credit, the Pledgor shall provide for the benefit of the Secured Party: (x) a substitute Letter of Credit, that is issued by a bank acceptable to the Secured Party, other than the bank failing to honor the outstanding Letter of Credit; or (y) post Eligible Collateral, in each case within one Business Day after the Pledgor receives notice of such non-renewal or refusal to honor a draw, provided that, as a

result of the Pledgor's failure to perform in accordance with (i) or (ii) above, the Delivery Amount applicable to the Pledgor equals or exceeds the Pledgor's Minimum Transfer Amount."

27. In Paragraph 13(j)(iii)(C)(1) of the Annex, add a definition for "Qualified Institution," which definition shall include a minimum credit rating of A-/A3.

EXHIBIT A

EXHIBIT A

CONFORMED COPY
AS AMENDED BY AMENDMENT NO. 1 DATED AS OF OCTOBER 31, 2002

==

$900,000,000

CREDIT AGREEMENT

AMONG

THE WILLIAMS COMPANIES, INC.
WILLIAMS PRODUCTION HOLDINGS LLC

WILLIAMS PRODUCTION RMT COMPANY,

AS BORROWER,

THE SEVERAL LENDERS
FROM TIME TO TIME PARTIES HERETO,

LEHMAN BROTHERS INC.,
AS LEAD ARRANGER AND BOOK MANAGER

LEHMAN COMMERCIAL PAPER INC.,
AS SYNDICATION AGENT

AND

LEHMAN COMMERCIAL PAPER INC.,
AS ADMINISTRATIVE AGENT

DATED AS OF JULY 31, 2002

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CREDIT AGREEMENT, dated as of July 31, 2002, among The Williams Companies, Inc., a Delaware corporation ("Parent"), Williams Production Holdings LLC, a Delaware limited liability company ("Holdings"), Williams Production RMT Company, a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement as lenders (the "Lenders"), LEHMAN BROTHERS INC., as advisor, lead arranger and book manager (in such capacity, the "Arranger"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent"), and LEHMAN COMMERCIAL PAPER INC., as administrative agent (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, the Borrower intends to provide Holdings with the net proceeds of the Term Loans (as defined below) in the form of a loan to Holdings and Holdings will provide Parent with an amount equal to such loan from the Borrower in the form of a loan to Parent;

WHEREAS, the Lenders are willing to make such Terms Loans available upon and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the agreements hereinafter set forth, the parties hereto hereby agree as follows:

SECTION 1 - DEFINITIONS

1.1 Defined Terms.

As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"Administrative Agent": as defined in the preamble hereto.

"Affiliate": as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Affiliated Fund": means, with respect to any Lender that is a fund that invests (in whole or in part) in commercial loans, any other fund that invests (in whole or in part) in commercial loans and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Agents": the collective reference to the Syndication Agent and the Administrative Agent.

"Aggregate Exposure": with respect to any Lender at any time, an amount equal to (a) until the Closing Date, the aggregate amount of such Lender's Commitments at such time and (b) thereafter, the aggregate then unpaid principal amount of such Lender's Term Loans.

"Agreement": this Credit Agreement, as amended, supplemented, replaced or otherwise modified from time to time in accordance with this Agreement.

"Approved Engineer": any independent engineer recognized in the U.S. oil and gas loan syndication market and reasonably satisfactory to the Administrative Agent.

"Arranger": as defined in the preamble hereto.

"Asset Sale": any Disposition of Property or series of related Dispositions of Property (excluding any such Disposition permitted by clauses (a), (b), (c), (d), (f) or (g) of Section 7.5) by Holdings, the Borrower or any of the Borrower's Subsidiaries other than a Company Sale.

"Assignee": as defined in Section 10.6(c).

"Assignment and Acceptance": as defined in Section 10.6(c).

"Assignor": as defined in Section 10.6(c).

"Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%.

"Base Rate Loans": Term Loans for which the applicable rate of interest is based upon the Base Rate.

"Benefited Lender": as defined in Section 10.7(a).

"Bison Entities": means, collectively, Bison Royalty LLC, Piceance Production Holdings LLC and Rulison Production Company LLC.

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": as defined in the preamble hereto.

"Borrower Liquidity Reserve": the sum of (a) cash and Cash Equivalents owned by the Borrower (excluding (i) Net Cash Proceeds from any Asset Sales, free of Liens, which shall be applied as a mandatory prepayment of the Term Loans pursuant to Section 2.12 and (ii) any cash or Cash Equivalents posted as cash collateral for, or the amount of any letter of credit issued in support of, Required Hedge Agreements) in an amount up to $65,000,000 in the possession of the Borrower plus (b) an irrevocable standby letter of credit naming the Administrative Agent as beneficiary, issued by a financial institution reasonably acceptable to

the Administrative Agent, equal to the difference, if any, between (x) $65,000,000 and (y) the aggregate cash and Cash Equivalents referred to in the foregoing clause (a).

"Business Day": (a) for all purposes other than as covered by clause (b) below, a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close and (b) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (a) and which is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) which should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries.

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

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States of America or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-1 by Standard & Poor's Ratings Services ("S&P") or P-1 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by

Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition.

"Closing Date": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date shall be not later than July 31, 2002.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": all Property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Commitment": as to any Lender, the obligation of such Lender, to make a Term Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Commitment" opposite such Lender's name on Schedule 1 to the Lender Addendum delivered by such Lender, or, as the case may be, in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof; provided that the original aggregate amount of the Commitments is $900,000,000.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

"Company Sale": the Disposition to a third party (other than to Holdings or to an Affiliate thereof) of at least a majority of the fair market value of the Property of the Borrower and its Subsidiaries, whether by asset sale, by sale of at least a majority of the Capital Stock of the Borrower, directly or indirectly, by merger, consolidation, amalgamation or otherwise.

"Compliance Certificate": a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

"Consolidated EBITDA": of any Person for any period, Consolidated Net Income of such Person and its Subsidiaries for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) consolidated interest expense calculated in accordance with GAAP of such Person and its Subsidiaries, amortization or write-off of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including, in the case of the Borrower, the Term Loans), (c) depreciation and amortization expense, (d) amortization of intangibles (including, but not limited to, goodwill) and organization costs, (e) any extraordinary, unusual or non-recurring expenses or losses (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, losses on sales of assets outside of the ordinary course of business), (f) regardless of whether such amount is reflected as a charge in the statement of such Consolidated Net Income but only to the extent that such amount is not reflected in

Consolidated Net Income, cash received by such Person in respect of hedge agreements entered into by the Parent or its Affiliates hedging the oil or gas production of the Borrower (for periods prior to the Closing Date such amounts are set forth on Schedule 1.1 (c)), (g) non-cash corporate overhead allocated to the Borrower in amounts consistent with past practice, (h) any other non-cash charges and (i) any impairment of goodwill or property asset carrying value, and minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of (w) interest income (except to the extent deducted in determining Consolidated Interest Expense), (x) any extraordinary, unusual or non-recurring income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, gains on the sales of assets outside of the ordinary course of business), (y) to the extent that such amount is not reflected in Consolidated Net Income, cash payments by such Person in respect of hedge agreements entered into by the Parent or its Affiliates hedging the oil or gas production of the Borrower (in amounts set forth on Schedule 1.1(c) for periods prior to the Closing Date) and (z) any other non-cash income, all as determined on a consolidated basis.

"Consolidated Fixed Charge Coverage Ratio": for any period, the ratio of (a) the difference of (i) the sum of (A) Consolidated EBITDA of the Borrower and its Subsidiaries for such period, plus (B) equity capital contributed to the Borrower or any of its Subsidiaries by any Person except in the case of the Borrower's Subsidiaries, the Borrower, minus (ii) the aggregate amount actually paid by the Borrower and its Subsidiaries in cash during such period on account of Capital Expenditures to (b) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges": for any period, the sum (without duplication) of (a) Consolidated Interest Expense of the Borrower and its Subsidiaries for such period and (b) provision for cash income taxes made by the Borrower or any of its Subsidiaries on a consolidated basis in respect of such period.

"Consolidated Interest Coverage Ratio": for any period, the ratio of (a) Consolidated EBITDA of the Borrower and its Subsidiaries for such period to (b) Consolidated Interest Expense of the Borrower and its Subsidiaries for such period.

"Consolidated Interest Expense": of any Person for any period, total cash interest expense (including that attributable to Capital Lease Obligations) of such Person and its Subsidiaries for such period with respect to all outstanding Indebtedness of such Person and its Subsidiaries (including, without limitation, all commissions, discounts and other fees and charges owed by such Person with respect to letters of credit and bankers' acceptance financing and net costs of such Person under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP, and excluding (but not deducting from such amount of total cash interest expense) any fees paid pursuant to Section 2.9(a), any deferred set-up fees paid pursuant to Section 2.9(b), any interest capitalized pursuant to Section 2.15(c) and (e), and the portion of any Make-Whole Amount paid during such period).

"Consolidated Net Income": of any Person for any period, the consolidated net income (or loss) of such Person and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; provided that in calculating Consolidated Net Income of the Borrower and its consolidated Subsidiaries for any Period, there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the

Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Borrower (other than any of the Bison Entities) to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Continuing Directors": as to any Person, the directors of such Person on the Closing Date, after giving effect to the transactions contemplated hereby, and each other director, if, in each case, such other director's nomination for election to the board of directors of such Person is recommended by at least 66-2/3% of the then Continuing Directors or such other director receives the vote of each of the shareholders of such Person on the Closing Date in his or her election by the shareholders of such Person.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its Property is bound.

"Default": any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Derivatives Counterparty": as defined in Section 7.6.

"Disposition": with respect to any Property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof; and the terms "Dispose" and "Disposed of" shall have correlative meanings.

"Disqualified Stock": any Capital Stock or other ownership or profit interest of any Loan Party that any Loan Party is or, upon the passage of time or the occurrence of any event, may become obligated to redeem, purchase, retire, defease or otherwise make any payment in respect of in consideration other than Capital Stock (other than Disqualified Stock).

"Dollars" and "$": dollars in lawful currency of the United States of America.

"Domestic Subsidiary": any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

"EMT": Williams Energy Marketing & Trading Company, a Delaware corporation.

"Environmental Laws": any and all laws, rules, orders, regulations, statutes, ordinances, guidelines, codes, decrees, or other legally enforceable requirements (including, without limitation, common law) of any international authority, foreign government, the United States, or any state, local, municipal or other Governmental Authority, regulating, relating to or imposing liability or standards of conduct concerning protection of the environment or of human

health, or employee health and safety, as has been, is now, or may at any time hereafter be, in effect.

"Environmental Permits": any and all permits, licenses, approvals, registrations, notifications, exemptions and any other authorization required under any Environmental Law.

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

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System. Eurodollar Loans shall be deemed to constitute Eurocurrency Liabilities and to be subject to such reserve requirements without benefit or credit for proration, exceptions or offsets which may be available from time to time to any Lender under Regulation D.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the British Bankers Association Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the British Bankers Association Telerate screen (or otherwise on such screen), the "Eurodollar Base Rate" for purposes of this definition shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent.

"Eurodollar Loans": Term Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/16th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Event of Default": any of the events specified in Section 8; provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Facility": the Commitments and the Term Loans made thereunder.

"Federal Funds Effective Rate": for any day, 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 on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter": as defined in Section 2.9(a).

"Funding Office": the office specified from time to time by the Administrative Agent as its funding office by notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States of America as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent financial statements delivered pursuant to Section 4.1(b).

"GE Equipment": the Equipment (as defined in the UCC as from time to time in effect in the State of New York) purchased or constructed with the proceeds of the GE Loan.

"GE Loan": the loan made to the Borrower by General Electric Capital Corporation pursuant to the Interim Loan and Security Agreement, dated as of June 16, 2002, in an aggregate principal amount not to exceed $17,000,000.

"Gas Gathering Systems": the gas plant and those certain gas gathering systems consisting of all equipment, assets, rights-of-way, surface leases, contracts and related assets more particularly described on Schedule 1.1(a) attached hereto.

"Governing Documents": collectively, as to any Person, the articles or certificate of incorporation and bylaws, any shareholders agreement, certificate of formation, limited liability company agreement, partnership agreement or other formation or constituent documents of such Person.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee and Collateral Agreement": the Guarantee and Collateral Agreement to be executed and delivered by Parent, Holdings, the Borrower and each Subsidiary Guarantor, substantially in the form of Exhibit A, as the same may be amended, supplemented, replaced or otherwise modified from time to time in accordance with this Agreement.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or

not contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantors": the collective reference to Parent, Holdings and the Subsidiary Guarantors.

"Hedge Agreements": (a) all interest rate swaps, caps or collar agreements or similar arrangements entered into by the Borrower or any of its Subsidiaries providing for protection against fluctuations in interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies and (b) all hedging agreements entered into by the Borrower or any of its Subsidiaries in connection with the hedging of commodity prices, including basis (transportation) hedges.

"Holdings": as defined in the preamble hereto.

"Hydrocarbons": oil, gas, casing head gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, all products refined, separated, settled and dehydrated therefrom and all products refined therefrom, including, without limitation, kerosene, liquefied petroleum gas, refined lubricating oils, diesel fuel, drip gasoline, natural gasoline, helium, sulfur and all other minerals.

"Hydrocarbon Interests": all rights, titles, interests and estates now owned or hereafter acquired by the Borrower or any of its Subsidiaries in any and all oil, gas and other liquid or gaseous hydrocarbon properties and interests, including without limitation, mineral fee or lease interests, production sharing agreements, concession agreements, license agreements, service agreements, risk service agreements or similar Hydrocarbon interests granted by an appropriate Governmental Authority, farmout, overriding royalty and royalty interests, net profit interests, oil payments, production payment interests and similar interests in Hydrocarbons, including any reserved or residual interests of whatever nature.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the

deferred purchase price of Property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Property), (e) all Capital Lease Obligations or Synthetic Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party under acceptance, letter of credit or similar facilities, (g) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Capital Stock of such Person, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on Property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) for the purposes of Section 8(e) only, all obligations of such Person in respect of Hedge Agreements.

"Indemnified Liabilities": as defined in Section 10.5.

"Indemnitee": as defined in Section 10.5.

"Initial Title Opinions": as defined in Section 6.2(m).

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, state, multinational or foreign laws or otherwise, including, without limitation, copyrights, patents, trademarks, service-marks, technology, know-how and processes, recipes, formulas, trade secrets, or licenses (under which the applicable Person is licensor or licensee) relating to any of the foregoing and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Payment Date": (a) as to any Base Rate Loan, the last day of each March, June, September and December to occur while such Term Loan is outstanding, (b) as to any Eurodollar Loan, the last day of the relevant Interest Period and (c) as to any Term Loan, the date of any repayment under Section 2.11 or 2.12 or upon the Maturity Date.

"Interest Period": as to any Eurodollar Loan, (a) the three-month period commencing on the Closing Date; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending three months thereafter; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that would otherwise extend beyond the date final payment is due on the Term Loans shall end on the date final payment is due; and

(iii) any Interest Period that 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 a calendar month.

"Investments": as defined in Section 7.8.

"Lehman Entity": any of Lehman Commercial Paper Inc. or any of its Affiliates (including, without limitation, Syndicated Loan Funding Trust).

"Lender Addendum": with respect to any initial Lender, a Lender Addendum, substantially in the form of Exhibit I, to be executed and delivered by such Lender on the Closing Date as provided in Section 10.18.

"Lenders": as defined in the preamble hereto.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan Documents": this Agreement, the Security Documents, the Fee Letter, the Term Notes (if any), and all documents, instruments, agreements, certificates and notices at any time executed and/or delivered to the Administrative Agent, the Syndication Agent, the Arranger, or any Lender in connection herewith or therewith.

"Loan Parties": Holdings, the Borrower and each Subsidiary of the Borrower that is a party to a Loan Document (including pursuant to Section 6.10).

"Make-Whole Amount": in the event that the Term Loans are repaid in whole or in part prior to the Maturity Date, an amount in cash equal to the amount of interest that would have been paid, accrued or capitalized on such Term Loans or portions thereof then being repaid through and including the Maturity Date at the rate specified in this Agreement, which amount shall be discounted at a rate per annum equal to (x) the yield on one-year U.S. Treasury notes having a remaining maturity as close as is practical to the remaining term of the Terms Loans (but for the optional prepayment, mandatory prepayment, Parent Liquidity Event or acceleration, as the case may be), as determined by the Administrative Agent plus (y) 0.50%; provided that the

portion of interest payable based on the Eurodollar Rate plus 4.0% per annum shall be based on a fixed interest rate equal to the Eurodollar Rate as of the repayment date plus 4.0% per annum.

"Material Adverse Effect": a material adverse effect on or affecting (a) the business, assets, liabilities, property, condition (financial or otherwise), results of operations, prospects, value or management of Parent or the Loan Parties taken as a whole, (b) the validity or enforceability of this Agreement or any of the other Loan Documents, (c) the validity, enforceability or priority of the Liens purported to be created by the Security Documents or (d) the rights or remedies of any Secured Party hereunder or under any of the other Loan Documents; provided that any event that otherwise would be a Material Adverse Effect shall not be deemed to be a Material Adverse Effect if disclosed by Parent or any Loan Party in filings with the Securities and Exchange Commission prior to the Closing Date.

"Material Environmental Amount": an amount or amounts payable by the Borrower and/or any of its Subsidiaries, in the aggregate in excess of $1,000,000, for: (a) costs to comply with any Environmental Law; (b) costs of any investigation, and any remediation, of any Materials of Environmental Concern; and (c) compensatory damages (including, without limitation damages to natural resources), punitive damages, fines, and penalties pursuant to any Environmental Law.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products, polychlorinated biphenyls, urea-formaldehyde insulation, asbestos, pollutants, contaminants, radioactivity, and any other substances or forces of any kind, whether or not any such substance or force is defined as hazardous or toxic under any Environmental Law, that is regulated pursuant to or could give rise to liability under any Environmental Law.

"Maturity Date": the date that is 360 days after the Closing Date.

"Maximum Lawful Rate": as defined in Section 2.15(f).

"Mortgaged Properties": the real properties and leasehold estates listed on Schedule 1.1(b), as to which the Administrative Agent for the benefit of the Secured Parties shall be granted a Lien pursuant to the Mortgages.

"Mortgages": each of the mortgages, deeds of trust and deeds to secure debt made by any Loan Party in favor of, or for the benefit of, the Administrative Agent for the benefit of the Secured Parties, substantially in the form of Exhibit D (with such changes thereto as shall be advisable under the law of the jurisdiction in which such mortgage or deed of trust is to be recorded), as the same may be amended, supplemented, replaced or otherwise modified from time to time in accordance with this Agreement.

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 3(37) or 4001(a)(3) of ERISA.

"Net Cash Proceeds": in connection with any Asset Sale permitted by Section 7.5(e), the proceeds thereof in the form of cash or Cash Equivalents of such Asset Sale, net of reasonable and customary attorneys' fees, accountants' fees, investment banking fees, amounts

required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset which is the subject of such Asset Sale (other than any Lien pursuant to a Security Document) and other reasonable and customary fees and expenses, in each case, to the extent actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements).

"Non-Excluded Taxes": as defined in Section 2.20(a).

"Non-U.S. Lender": as defined in Section 2.20(f).

"Notice of Borrowing": a certificate duly executed by a Responsible Officer of the Borrower substantially in the form of Exhibit K.

"Obligations": the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Term Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Parent (with respect to its Obligations under the Guarantee and Collateral Agreement and the transactions contemplated thereby only) or any Loan Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Term Loans and all other obligations and liabilities of the Loan Parties to the Arranger, to any Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees (including any deferred set-up fees), Make-Whole Amounts, indemnities, costs, expenses (including, without limitation, all fees, charges and disbursements of counsel to the Arranger, to any Agent or to any Lender that are required to be paid by any Loan Party pursuant hereto or to any other Loan Document) or otherwise.

"Oil and Gas Business" (a) the acquisition, exploration, exploitation, development, operation, management and disposition of interests in Hydrocarbon Interests and Hydrocarbons; (b) gathering, marketing, treating, processing, storage, selling and transporting of any production from such interests or Hydrocarbon Interests, including, without limitation, the marketing of Hydrocarbons obtained from unrelated Persons; (c) any business relating to or arising from exploration for or development, production, treatment, processing, storage, transportation or marketing of oil, gas and other minerals and products produced in association therewith; and (d) any activity that is ancillary or necessary or desirable to facilitate the activities described in clauses (a) through (c) of this definition.

"Oil and Gas Properties" (a) Hydrocarbon Interests; (b) the Property now or hereafter pooled or unitized with Hydrocarbon Interests; (a) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, contracts and other agreements which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or

attributable to such Hydrocarbon Interest; (e) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, the lands covered thereby and all oil in tanks and all rents, issues, profits, proceeds, products, revenues and other income from or attributable to the Hydrocarbon Interests; and (f) all tenements, hereditaments, appurtenances and Property in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests, Property, Gas Gathering System, rights, titles, interests and estates described or referred to above, including, without limitation, any and all Property, now owned or hereinafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment or other personal property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing.

"Original Lenders": Lehman Commercial Paper Inc. and National Indemnity Company.

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Parent": as defined in the preamble hereto.

"Parent Liquidity Amount": (a) at any time from the Closing Date through the 180th day thereafter, $600,000,000; (b) at any time thereafter through and including the Maturity Date, $750,000,000; and (c) at any time after the Maturity Date, $200,000,000.

"Parent Liquidity Event": any time (a) when the sum of (i) Parent's actual cash and Cash Equivalents on hand and (ii) the unused borrowing capacity of Parent available to it under its credit facilities is less than the Parent Liquidity Amount in the aggregate, (b) Parent's projected forward liquidity determined as of the Closing Date (determined as described in the succeeding sentence) at any time prior to the Maturity Date is less than the Parent Liquidity Amount, (c) Parent's projected liquidity at the Maturity Date after giving effect to the prepayment or repayment of the Term Loans in accordance with this Agreement is less than the Parent Liquidity Amount set forth in clause (c) of such definition, (d) there shall occur and be continuing a payment default (beyond any grace period) by Parent or any of its Subsidiaries (other than Holdings or any of its Subsidiaries) with respect to one or more Indebtedness having a principal amount outstanding in excess of $20,000,000 in the aggregate or (e) there shall have occurred and be continuing any event of default under one or more Indebtedness of Parent or any of its Subsidiaries (other than Holdings or any of its Subsidiaries) that, with notice or the passage of time or both, would permit the holders thereof to accelerate such Indebtedness and any other Indebtedness of Parent or any of its Subsidiaries (other than Holdings or any of its Subsidiaries)

that may be so accelerated and has an aggregate principal amount outstanding in excess of $20,000,000 in the aggregate; provided, however, that for the purposes of clauses (d) and (e) hereof, Indebtedness shall be deemed to exclude Specified Non-Recourse Debt. In determining Parent's forward liquidity, Parent may take into account asset sales or other liquidity events projected as of the Closing Date, if, but only if, (i) Parent shall have initiated a Disposition process related to such liquidity event at least six months prior to such Disposition, (ii) such process shall be evidenced by a contract for Disposition from no later than 60 days prior to its scheduled Disposition date through such scheduled Disposition date, and (iii) shall be satisfactory to the Original Lenders and determined by them to be reasonably likely to result in the consummation of such proposed Disposition or liquidity event (at the net proceeds reflected in the projection) prior to such time as the Parent Liquidity Event (at such price) shall occur.

"Participant": as defined in Section 10.6(b).

"Payment Office": the office of the Administrative Agent specified in Section 10.2 or as otherwise specified from time to time by the Administrative Agent as its payment office by notice to the Borrower and the Lenders.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Permits": the collective reference to (i) Environmental Permits, and (ii) any and all other franchises, licenses, leases, permits, approvals, notifications, certifications, registrations, authorizations, exemptions, qualifications, easements, rights of way, Liens and other rights, privileges and approvals required under any Requirement of Law.

"Permitted Liens": the collective reference to (i) in the case of Collateral other than Pledged Stock, Liens permitted by Section 7.3 and (ii) in the case of Collateral consisting of Pledged Stock, non-consensual Liens permitted by Section 7.3 to the extent arising by operation of law.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and which the Borrower or any Commonly Controlled Entity maintains, administers, contributes to or is required to contribute to or under which the Borrower or any Commonly Controlled Entity could incur any liability.

"Pledged Stock": as defined in the Guarantee and Collateral Agreement.

"PPH": Piceance Production Holdings LLC, a Delaware limited liability company.

"PPH Company Agreement": the Amended and Restated Limited Liability Company Agreement of Piceance Production Holdings LLC dated as of December 31, 2001 among the Borrower, as the Class A Member and the Managing Member, Plowshare Investors

LLC, a Delaware limited liability company, as the Class B Preferred Member, and PPH, as the same may from time to time be amended, amended and restated, supplemented or otherwise modified.

"Prime Rate": the prime lending rate as set forth on the British Banking Association Telerate Page 5 (or such other comparable page as may, in the opinion of the Administrative Agent, replace such page for purpose of displaying such rate), as in effect from time to time. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually available. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Pro Forma Balance Sheet": as defined in Section 4.1(a).

"Prohibited Modification": any amendment, modification or other change to any of the terms of any Indebtedness or Governing Documents of the Bison Entities that would (a) restrict the Borrower's ability to (i) grant a Lien on any Collateral (other than Excluded Collateral as defined in Guarantee and Collateral Agreement) for the benefit of the Lenders, (ii) be merged or consolidated with any other Person, (iii) consummate a Company Sale in any manner or (iv) prepay, repay or otherwise perform under any Loan Document, (b) increase the amount of Class B Priority Return (as defined in the PPH Company Agreement) or fees, or change the types or categories of expenses, in each case, payable to the Class B Preferred Member (as defined in the PPH Company Agreement) other than increases consistent with increases in the amount of interest and fees, and changes in the types or categories of expenses, in each case, payable to the lenders under the Williams Multiyear Credit Facility or, if the Williams Multiyear Credit Facility has been terminated, the largest, in terms of commitment amount, syndicated revolving credit agreement under which Parent is a borrower, (c) extend the maturity of any Indebtedness of the Bison Entities past the maturity date thereof on the Closing Date, (d) result in (i) the issuance by PPH of any additional Class B Preferred Member Interests (as defined in the PPH Company Agreement) or any other equity interests substantially similar to the Class B Preferred Member Interests or (ii) the contribution of additional capital to PPH by the Class B Preferred Member (as defined in the PPH Company Agreement), or (e) reasonably be expected to result in a Material Adverse Effect, the reasonable expectation that such amendment, modification or other change would not result in a Material Adverse Effect to be determined in good faith by a Responsible Officer of Parent, it being understood that the parties to the Indebtedness and Governing Documents of the Bison Entities may conclusively rely on a certificate of such Responsible Officer to such effect.

"Projections": as defined in Section 6.2(d).

"Property": any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Capital Stock and Hydrocarbon Interests.

"Proved Producing Reserves": Proved Reserves that are recoverable from existing wells with current operating methods and expenses and are producing.

"Proved Reserves" those recoverable Hydrocarbons which have been estimated with reasonable certainty, as demonstrated by geological and engineering data, to be economically recoverable from the Oil and Gas Properties by existing producing methods under existing economic conditions.

"Real Estate": All real property held or used by the Borrower or its Subsidiaries, which the Borrower or the relevant Subsidiary owns in fee or in which it holds a leasehold interest as a tenant.

"Register": as defined in Section 10.6(d).

"Regulation D": Regulation D of the Board as in effect from time to time (and any successor to all or a portion thereof).

"Regulation H": Regulation H of the Board as in effect from time to time (and any successor to all or a portion thereof).

"Regulation T": Regulation T of the Board as in effect from time to time (and any successor to all or a portion thereof).

"Regulation U": Regulation U of the Board as in effect from time to time (and any successor to all or a portion thereof).

"Regulation X": Regulation X of the Board as in effect from time to time (and any successor to all or a portion thereof).

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events described in Section 4043(c)(3) of ERISA and other than those events as to which the thirty day notice period is waived under subsections .22, .24 (solely with respect to partial termination of a Plan), .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. Section 4043.

"Required Hedge Agreement": any Hedge Agreement (x) required to be entered into by any Loan Party pursuant to Section 6.15(a) and (y) the form of which is disclosed prior to its execution to the Administrative Agent.

"Required Lenders": at any time, the holders of more than a majority of (a) until the Closing Date, the Commitments and (b) thereafter, the aggregate unpaid principal amount of the Term Loans then outstanding.

"Requirement of Law": as to any Person, the Governing Documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"Reserve Report": means a report setting forth the Proved Reserves by reserve category attributable to the Hydrocarbon Interests constituting Proved Reserves owned directly by the Borrower or any Subsidiary thereof, a projection of the rate of production and net operating income with respect thereto, as of a specified date, and such other information as is customarily obtained from and provided in such reports, satisfactory in form and substance to the Administrative Agent. All Reserve Reports prepared after the Closing Date and required by this Agreement or any of the other Loan documents shall be prepared or audited by an Approved Engineer.

"Responsible Officer": as to any Person, the chief executive officer, president or chief financial officer of such Person, but in any event, with respect to financial matters, the chief financial officer of such Person. Unless otherwise qualified, all references to a "Responsible Officer" shall refer to a Responsible Officer of the Borrower.

"Restricted Payments": as defined in Section 7.6.

"Second Tranche Title Opinions": as defined in Section 6.2(m).

"Secured Parties": collectively, the Arranger, the Agents and the Lenders.

"Security Documents": the collective reference to the Guarantee and Collateral Agreement, the Mortgages and all other pledge and security documents hereafter delivered to the Administrative Agent granting a Lien on any Property of any Person to secure the obligations and liabilities of Parent or any Loan Party under any Loan Document.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvency Certificate": the Solvency Certificate to be executed and delivered by the chief financial officer of each Loan Party, substantially in the form of Exhibit J, as the same may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

"Solvent": when used with respect to any Person, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, (d) such Person will be able to pay its debts as they mature, and (e) such Person is not insolvent within the meaning of any applicable Requirements of Law. For purposes of this definition, (i) "debt" means liability on a "claim", and (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise

to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

"Specified Non-Recourse Debt": Indebtedness (a) listed in Part 1 of Schedule 1.1(d) of any non-material Subsidiary of Parent that is (i) a "Non-Borrowing Subsidiary" (as defined in the Williams Multiyear Credit Agreement) and (ii) not a Loan Party, and (b) as to which neither the Parent nor any of its Subsidiaries is directly or indirectly liable (including, without limitation, the absence of any and all guaranties (completion, payment, performance, or other), credit support of any kind, indemnities and other contingent obligations of Parent or any of its Subsidiaries with respect to such Indebtedness) other than the nonmaterial obligations disclosed in Part 2 of Schedule 1.1(d).

"Subordinated Guaranty": the Subordinated Guaranty, dated as of July 31, 2002, made by Holdings in favor of the Financial Institutions (as defined therein) party thereto, as amended and restated as of October 31, 2002.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantor": each Subsidiary of the Borrower (other than the Bison Entities).

"Syndication Agent": as defined in the preamble hereto.

"Syndication Date": the date on which the Syndication Agent completes the syndication of the Facility and the Persons selected in such syndication process become parties to this Agreement.

"Synthetic Lease Obligations": all monetary obligations of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations which do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the Indebtedness of such Person (without regard to accounting treatment).

"Taking": a taking or voluntary conveyance during the term of this Agreement of all or part of any Mortgaged Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of, any condemnation or other eminent domain proceeding by any Governmental Authority affecting a Mortgaged Property or any portion thereof, whether or not the same shall have actually been commenced.

"Term Loan Percentage": as to any Lender (a) at any time prior to the Closing Date, the percentage which such Lender's Commitment then constitutes of the aggregate Commitments or (b) at any time after the Closing Date, the percentage which the aggregate principal amount of such Lender's Term Loans then outstanding constitutes of the aggregate principal amount of the Term Loans then outstanding.

"Term Loan": as defined in Section 2.1.

"Term Notes": as defined in Section 2.8(e).

"Transferee": as defined in Section 10.15.

"Type": as to any Term Loan, its nature as a Base Rate Loan or a Eurodollar Loan.

"UCC": the Uniform Commercial Code, as in effect from time to time in any jurisdiction.

"Wholly Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"Wholly Owned Subsidiary Guarantor": any Subsidiary Guarantor that is a Wholly Owned Subsidiary of the Borrower.

"Williams Multiyear Credit Agreement": that certain First Amended and Restated Credit Agreement dated as of October 31, 2002 by and among Parent, Northwest Pipeline Corporation, Transcontinental Gas Pipe Line Corporation and Texas Gas Transmission Corporation, as Borrowers, the Banks named therein, JPMorgan Chase Bank and Commerzbank AG, as Co- Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, Citicorp USA, Inc., as Agent, and Salomon Smith Barney Inc., as Arranger (as the same may be amended, supplemented or otherwise modified from time to time).

1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, accounting terms relating to the Borrower and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) 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 Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) The expressions "payment in full," "paid in full" and any other similar terms or phrases when used herein with respect to the Obligations shall mean the payment in full, in immediately available funds, of all of the Obligations.

(f) The words "including" and "includes" and words of similar import when used in this Agreement shall not be limiting and shall mean "including without limitation" or "includes without limitation", as the case may be.

SECTION 2 - AMOUNT AND TERMS OF COMMITMENTS

2.1 Commitments. Subject to the terms and conditions hereof, each Lender severally agrees to make a term loan (a "Term Loan") to the Borrower on the Closing Date in an amount not to exceed the amount of the Term Loan Commitment of such Lender. The Term Loans shall be Eurodollar Loans or, if Eurodollar Loans are not available, shall be Base Rate Loans.

2.2 Procedure for Term Loan Borrowing. The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, one Business Day prior to the anticipated Closing Date) requesting that the Lenders make the Term Loans on the Closing Date and specifying the amount to be borrowed. Upon receipt of such notice the Administrative Agent shall promptly notify each Lender thereof. Not later than 12:00 Noon, New York City time, on the Closing Date each Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Term Loan to be made by such Lender. The Administrative Agent shall make available to the Borrower the aggregate of the amounts made available to the Administrative Agent by the Lenders in like funds.

2.3 Repayment of Term Loans. The Term Loan of each Lender shall mature on the Maturity Date.

2.4 [Intentionally Omitted].

2.5 [Intentionally Omitted].

2.6 [Intentionally Omitted].

2.7 [Intentionally Omitted].

2.8 Repayment of Term Loans; Evidence of Indebtedness. (a) The Borrower unconditionally promises to pay to the Administrative Agent for the account of the appropriate Lender the principal amount of each Term Loan on the Maturity Date (or on such earlier date on which the Term Loans become due and payable pursuant to Section 2.12 or 8). The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Term Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, and in the form set forth in Section 2.15.

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

(c) The Administrative Agent, on behalf of the Borrower, shall maintain the Register pursuant to Section 10.6(d), and a sub-account therein for each Lender, in which shall be recorded (i) the amount of each Term Loan made hereunder and any Term Note evidencing such Term Loan, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to Section 2.8(b) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Term Loans made to such Borrower by such Lender in accordance with the terms of this Agreement.

(e) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a promissory note of the Borrower evidencing the Term Loan of such Lender, substantially in the form of Exhibit G, with appropriate insertions as to date and principal amount (such notes, "Term Notes").

2.9 Fees, Etc. (a) The Borrower agrees to pay to the Arranger, the Agents and the Lenders the fees in the amounts and on the dates agreed to by the Borrower and the Original Lenders pursuant to the letter agreement, dated as of July 31, 2002 (the "Fee Letter"), among the Original Lenders and the Borrower.

(b) (i) If a Company Sale has occurred on or prior to the Maturity Date (whether or not the Obligations have been repaid in full prior to such Company Sale), the Borrower shall pay to the Lenders, in immediately available funds, a deferred set-up fee (to be shared among them on a pro rata basis based on their respective outstanding balance of the Term Loans immediately prior to the consummation of the Company Sale) in an amount in cash initially equal to the greater of (x) 15% of the principal amount of the Term Loans funded on the Closing Date and (y) 15% (which percentage for the purposes of this clause (y) shall increase by 1% at the beginning of the 60-day period following the Closing Date and by an additional 1% at the beginning of each subsequent 60-day period) of the difference between (A) the aggregate purchase price paid to Parent, Holdings or the Borrower (including, without limitation, the amount of any liabilities assumed by the purchaser in the transaction) in connection with such Company Sale (such amount for the purposes of this calculation not to exceed $2,500,000,000) and (B) the sum of (1) the principal amount of the then-outstanding Term Loans, plus (2) the aggregate principal amount of any other net Indebtedness of the Borrower and its Subsidiaries then outstanding (which amount as of the Closing Date is set forth on Schedule 2.9(b)) plus (3) accrued and unpaid interest on the Terms Loans to the date of repayment; or (ii) if a Company Sale has not occurred on or prior to the Maturity Date, the Borrower shall pay to the Lenders on the Maturity Date, in immediately available funds, a deferred set-up fee (to be shared among them on a pro rata basis based on their respective Term Loans outstanding immediately prior to the Maturity Date) in an amount in cash equal to 15% of the Term Loans funded on the Closing Date; provided, however, that if a Company Sale occurs within three months following the Maturity Date, then upon such Company Sale the

Borrower shall pay to the Lenders (to be shared among them on a pro rata basis based on their respective Term Loans outstanding immediately prior to the Maturity Date) an additional amount in cash equal to the positive difference, if any, between the fee that would have been paid pursuant to clause (i) above had such Company Sale occurred prior to the Maturity Date and the fee paid pursuant to clause (ii) above. This covenant shall survive the termination of this Agreement and the payment in full of the Obligations in cash. Notwithstanding anything to the contrary in this Section 2.9(b), the fees described in this Section shall be earned on the Closing Date and shall be payable to the Lenders regardless of whether the Term Loans are repaid or not.

2.10 [Intentionally Omitted].

2.11 Optional Prepayments.

(a) The principal of the Term Loans may be prepaid in whole or in part at any time, plus the sum of (x) accrued and unpaid interest to the repayment date, plus (y) the Make-Whole Amount, plus (z) a pro rata portion (based on the amount of the Term Loans prepaid) of the applicable deferred set-up fee referred to in Section 2.9(b)(ii), all of which shall be paid by the Borrower immediately upon any such prepayment of Term Loans.

(b) Amounts to be applied in connection with a partial prepayment made pursuant to this Section 2.11 shall be applied, first, to accrued and unpaid interest on the Term Loans, second, to the deferred set-up fee referred to in Section 2.9(b)(ii), third, to outstanding principal of the Terms Loans (including, without limitation, any capitalized interest that has been added to the principal of the Term Loans) and, fourth, to any remaining Obligations outstanding. The application of any repayment pursuant to this Section 2.11 shall be made, first, to Base Rate Loans, if any, and, second, to Eurodollar Loans.

2.12 Mandatory Prepayments.

(a) If on any date Holdings, the Borrower or any of its Subsidiaries shall receive Net Cash Proceeds from any Asset Sale or Disposition permitted by Section 7.5(e), such Net Cash Proceeds promptly (but in any event no later than 2 Business Days after such receipt) shall be paid by the Borrower to the Administrative Agent, for the ratable benefit of the Lenders, to prepay the Obligations in cash at 100% of the principal amount of the Term Loans so prepaid, plus the sum of (x) accrued and unpaid interest to the repayment date, plus (y) a pro rata portion of the Make-Whole Amount, plus (z) a pro rata portion (based on the amount of the Term Loans prepaid) of the deferred set-up fee referred to in Section 2.9(b)(ii).

(b) On any date Parent, Holdings or the Borrower receives proceeds from a Company Sale, (i) all such proceeds (whether or not sufficient to make the following payments in full) shall be immediately applied to repay the Obligations in full in cash and to pay to the Administrative

Agent, for the pro rata benefit of the Lenders, the sum of 100% of the principal amount of the Term Loans, plus (x) accrued and unpaid interest to the repayment date, plus (y) the Make-Whole Amount, plus (z) the deferred set-up fee referred to in Section 2.9(b)(i); provided that at the time of any such Company Sale, all of the foregoing Obligations shall be paid in full regardless of the amount of proceeds actually received by Parent, Holdings or the Borrower.

(c) Unless the Borrower shall otherwise have repaid in full all Obligations under this Agreement, upon (i) 75 days following a Parent Liquidity Event or (ii) an acceleration of the Obligations pursuant to Section 8, the Borrower shall repay the Obligations in full in cash and pay to the Administrative Agent, for the pro rata benefit of the Lenders, the sum of 100% of the principal amount of the outstanding Term Loans, plus (x) accrued and unpaid interest to the repayment date, plus (y) the Make-Whole Amount, plus (z) the deferred set-up fee referred to in Section 2.9(b)(ii).

(d) Subject to Section 2.18, amounts to be applied in connection with a repayment made pursuant to Section 2.12(b) or (c), if the Obligations are not paid in full in cash, shall be applied, first, to accrued and unpaid interest on the Term Loans, second, to the deferred set-up fee referred to in Section 2.9(b), third, to outstanding principal of the Terms Loans (including, without limitation, any capitalized interest that has been added to the principal of the Term Loans) and, fourth, to any remaining Obligations outstanding. The application of any repayment pursuant to this Section 2.12 shall be made, first, to Base Rate Loans, if any, and, second, to Eurodollar Loan.

2.13 [Intentionally Omitted].

2.14 [Intentionally Omitted].

2.15 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest during each Interest Period with respect thereto at a rate per annum equal to the sum of (i) the Eurodollar Rate determined for such day plus (ii) 4.00% per annum.

(b) Each Base Rate Loan shall bear interest at a rate per annum equal to the sum of (i) the Base Rate plus (ii) 3.00% per annum.

(c) Each Term Loan also shall accrue additional interest at a rate of 14% per annum.

(d)(i) If all or a portion of the principal amount of any Term Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), all outstanding Term Loans (whether or not overdue) shall bear interest at a rate per annum that is equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2.0%, and (ii) if all or a portion of any interest payable on any Term Loan or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to Base Rate Loans plus 2.0%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (after as well as before judgment).

(e)(i) Interest accruing pursuant to paragraphs (a) and (b) above shall be payable by the Borrower in cash in arrears on each Interest Payment Date; (ii) interest accruing pursuant to paragraph (c) above shall be calculated on the outstanding principal amount of the Term Loans on a weighted average daily basis and shall be payable by the Borrower in arrears on each Interest Payment Date by increasing the outstanding principal amount of the Term Loans by the amount of such interest due on a pro rata basis based on the Lenders' outstanding Term Loans immediately prior to such interest payment and (iii) interest accruing pursuant to paragraph (d) above shall be payable in cash from time to time on demand.

(f) Notwithstanding anything to the contrary set forth in this Section 2.15, if a court of competent jurisdiction determines in a final order that the rate of interest payable hereunder exceeds the highest rate of interest permissible under law (the "Maximum Lawful Rate"), then so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate; provided, however, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, Borrower shall continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by the Lenders is equal to the total interest which would have been received had the interest rate payable hereunder been (but for the operation of this paragraph) the interest rate payable since the Closing Date as otherwise provided in this Agreement. Thereafter, interest hereunder shall be paid at the rate(s) of interest and in the manner provided in Sections 2.15(a) through (e) above, unless and until the rate of interest again exceeds the Maximum Lawful Rate, and at that time this paragraph shall again apply. In no event shall the total interest received by the Lenders pursuant to the terms hereof exceed the amount which the Lenders could lawfully have received had the interest due hereunder been calculated for the full term hereof at the Maximum Lawful Rate. If the Maximum Lawful Rate is calculated pursuant to this paragraph, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate divided by the number of days in the year in which such calculation is made. If, notwithstanding the provisions of this Section 2.15(f), a court of competent jurisdiction shall finally determine that the Lenders have received interest hereunder in excess of the Maximum Lawful Rate, the Lenders shall refund any excess to Borrower or as a court of competent jurisdiction may otherwise order.

2.16 Computation of Interest and Fees. (a) Interest, fees and commissions payable on a per annum basis pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Term Loan resulting from a change in the Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower,

deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.15(a).

2.17 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Term Loans during such Interest Period, the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Base Rate Loans and (y) any outstanding Eurodollar Loans shall be converted, on the last day of the then current Interest Period with respect thereto, to Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be continued as such.

2.18 Pro Rata Treatment and Payments. (a) Each borrowing by the Borrower from the Lenders hereunder shall be made pro rata according to the respective Term Loan Percentages of the Lenders. Each payment (other than prepayments) in respect of principal or interest in respect of the Term Loans, and each payment in respect of fees or expenses payable hereunder shall be applied to the amounts of such Obligations owing to the Lenders pro rata according to the respective amounts then due and owing to the Lenders.

(b) Each payment (including each prepayment) of the Term Loans outstanding under the Facility shall be allocated among the Lenders holding such Term Loans pro rata based on the principal amount of such Term Loans held by such Lenders. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) [Intentionally Omitted].

(d) [Intentionally Omitted].

(e) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Payment Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result

of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(f) Unless the Administrative Agent shall have been notified in writing by any Lender prior to the Closing Date that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Closing Date, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of the Closing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to Base Rate Loans on demand, from the Borrower.

(g) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment being made hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days of such required date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.19 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.20 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account

of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making or maintaining Eurodollar Loans, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon such Lender's demand, any additional amounts necessary to compensate such Lender on an after-tax basis for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any Person controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender on an after-tax basis for such reduction.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Obligations in full.

2.20 Taxes. (a) All payments made by the Borrower under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Arranger, any Agent or any Lender as a result of a present or former connection between the Arranger, such Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Arranger's, such Agent's or such Lender's having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from

any amounts payable to the Arranger, any Agent or any Lender hereunder, the amounts so payable to the Arranger, such Agent or such Lender shall be increased to the extent necessary to yield to the Arranger, such Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts that would have been received hereunder had such withholding not been required; provided, however, that the Borrower or a Guarantor shall not be required to increase any such amounts payable to the Arranger, any Agent or any Lender with respect to any Non-Excluded Taxes that are attributable to the Arranger's, such Agent's or such Lender's failure to comply with the requirements of paragraph (f) of this Section. The Borrower or the applicable Guarantor shall make any required withholding and pay the full amount withheld to the relevant tax authority or other Governmental Authority in accordance with applicable Requirements of Law.

(b) The Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Requirements of Law.

(c) The Borrower shall indemnify the Arranger, each Agent and any Lender for the full amount of Non-Excluded Taxes or Other Taxes arising in connection with payments made under this Agreement (including, without limitation, any Non-Excluded Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.20) paid by the Arranger, such Agent or Lender or any of their respective Affiliates and any liability (including penalties, additions to tax interest and expenses) arising therefrom or with respect thereto. Payment under this indemnification shall be made within ten days from the date the Arranger, any Agent or any Lender or any of their respective Affiliates makes written demand therefor.

(d) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for the account of the Arranger or the relevant Agent or Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof.

(e) The agreements in this Section 2.20 shall survive the termination of this Agreement and the payment of the Term Loans and all other amounts payable hereunder.

(f) Each Lender (or Transferee) that is not a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America (or any jurisdiction thereof), or any estate or trust that is subject to federal income taxation regardless of the source of its income (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (and, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI or other appropriate form, establishing a complete exemption from withholding of U.S. taxes under Section 871(h) or 881(c) of the Code and a Form W-8BEN, or any subsequent versions thereof or successors thereto properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such

forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(g) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payment under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

2.21 Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making a mandatory repayment under Section 2.12 in accordance with the provisions of this Agreement or an optional prepayment after the Borrower has given notice thereof or (c) the making of a repayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (x) the amount of interest that would have accrued on the amount so repaid, or not so borrowed for the period from the date of such prepayment or of such failure to borrow to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Term Loans provided for herein over (y) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Obligations in full.

2.22 Illegality. Notwithstanding any other provision in this Agreement, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans shall forthwith be canceled and (b) such Lender's Term Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Term Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day

which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 2.21.

2.23 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.19, 2.20(a) or 2.22 with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Term Loans affected by such event with the object of avoiding the consequences of such event; provided that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided further that nothing in this Section shall affect or postpone any of the obligations of any Borrower or the rights of any Lender pursuant to Section 2.19, 2.20(a) or 2.22.

SECTION 3 - [INTENTIONALLY OMITTED]

SECTION 4 - REPRESENTATIONS AND WARRANTIES

To induce the Arranger, the Agents and the Lenders to enter into this Agreement and to make the Term Loans, each of Parent, Holdings and the Borrower hereby represent and warrant to the Arranger, each Agent and each Lender that:

4.1 Financial Condition. (a) The unaudited pro forma consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at June 30, 2002 (the "Pro Forma Balance Sheet"), copies of which have heretofore been furnished to each Original Lender, has been prepared giving effect (as if such events had occurred on such date) to (i) the Term Loans to be made on the Closing Date and the use of proceeds thereof and (ii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated financial position of Borrower and its consolidated Subsidiaries as at June 30, 2002, assuming that the events specified in the preceding sentence had actually occurred at such date.

(b) The consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2001, and the related consolidated statements of income and of cash flows for the fiscal year ended on such date present fairly the consolidated financial condition of the Borrower and its Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended. The unaudited consolidated balance sheet of the Borrower and its Subsidiaries as at June 30, 2002, and the related unaudited consolidated statements of income and cash flows for the six-month period ended on such date, present fairly the consolidated financial condition of the Borrower and its Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the six-month period then ended (subject to normal year-end audit adjustments). All such financial statements, including any related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved. Except as set forth in Schedule 4.1(a), the Borrower and its Subsidiaries do not have any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including, without limitation, any interest rate

or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph. Except as set forth on Schedule 4.1(b), during the period from June 30, 2002 to and including the date hereof there has been no Disposition by the Borrower or any of its Subsidiaries of any material part of its business or Property.

4.2 No Change. Since June 30, 2002, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect (except as to Parent and as disclosed in Parent's filings with the Securities and Exchange Commission pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended).

4.3 Existence; Compliance with Law. Each of Parent, Holdings, the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its Property, to lease the Property it operates as lessee and to conduct the business in which it is currently engaged, including the Oil and Gas Business, (c) is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction where its ownership, lease or operation of Property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. Parent and each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to borrow hereunder. Parent and each Loan Party has taken all necessary corporate, partnership, limited liability company or other action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the borrowings on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (a) consents, authorizations, filings and notices described in Schedule 4.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (b) the filings referred to in Section 4.19. Each Loan Document has been duly executed and delivered on behalf of Parent and each Loan Party to the extent it is a party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of Parent and each Loan Party to the extent it is a party thereto, enforceable against Parent and each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement, the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any Contractual Obligation of Parent (or a Subsidiary thereof,

other than Holdings, the Borrower or any of the Borrower's Subsidiaries), Holdings, the Borrower or any of the Borrower's Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to Parent, Holdings, the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6 No Material Litigation. Except as set forth in Schedule 4.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of Parent, Holdings or the Borrower, threatened by or against Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7 No Default. None of Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect and no Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each of Holdings, the Borrower and the Borrower's Subsidiaries is the sole owner of, legally and beneficially, and has good and defensible title in fee simple to, or a valid leasehold interest in, all its real property , including, those subject to the Mortgages, free and clear of Liens other than Permitted Liens.

4.9 Intellectual Property. Holdings, the Borrower and each of the Borrower's Subsidiaries owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted or is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does Parent, Holdings or the Borrower know of any valid basis for any such claim. The use of Intellectual Property by Holdings, the Borrower and the Borrower's Subsidiaries does not infringe on the rights of any Person in any material respect.

4.10 Taxes. Each of Parent, Holdings, the Borrower and each of their respective Subsidiaries has filed or caused to be filed all federal, state and other material tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any material assessments made against it or any of its Property and all other material taxes, fees or other charges imposed on it or any of its Property by any Governmental Authority (other than any taxes, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of Parent, Holdings, the Borrower or any of their respective Subsidiaries, as the case may be); the contents of all such material tax returns are correct and complete in all material respects, no tax Lien has been filed, and, to the knowledge of Parent, Holdings and the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge (other than any Liens or claims, the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves

in conformity with GAAP have been provided on the books of Parent, Holdings, the Borrower or any of their respective Subsidiaries, as the case may be).

4.11 Federal Regulations. No part of the proceeds of the Term Loans will be used for purchasing or carrying any "margin stock" (within the meaning of Regulation U) or for the purpose of purchasing, carrying or trading in any securities under such circumstances as to involve the Borrower in a violation of Regulation X or to involve any broker or dealer in a violation of Regulation T. No indebtedness being reduced or retired out of the proceeds of the Term Loans was or will be incurred for the purpose of purchasing or carrying any "margin stock" (within the meaning of Regulation U). Following application of the proceeds of the Term Loans, "margin stock" (within the meaning of Regulation U) does not constitute more than 25% of the value of the assets of Parent, Holdings, the Borrower and the Borrower's Subsidiaries. None of the transactions contemplated by this Agreement (including, without limitation, the direct and indirect use of proceeds of the Term Loans) will violate or result in a violation of Regulation T, Regulation U or Regulation X. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1 referred to in Regulation U.

4.12 Labor Matters. There are no strikes, stoppages, slowdowns or other labor disputes against Holdings, the Borrower or any of the Borrower's Subsidiaries pending or, to the knowledge of Parent, Holdings or the Borrower, threatened that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of Holdings, the Borrower and the Borrower's Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. All payments due from Holdings, the Borrower or any of the Borrower's Subsidiaries on account of employee health and welfare insurance that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect if not paid have been paid or accrued as a liability on the books of Holdings, the Borrower or the relevant Subsidiary.

4.13 ERISA. Except as set forth on Schedule 4.13, neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with all applicable provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period. Except as set forth in Schedule 4.13, the present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a material liability under ERISA, and neither the Borrower nor any Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly

Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No such Multiemployer Plan is in Reorganization or Insolvent.

4.14 Investment Company Act; Other Regulations. Neither Parent nor any Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. Neither Parent nor any Loan Party is subject to regulation under any Requirement of Law (other than Regulation X) which limits or conditions its ability to incur Indebtedness.

4.15 Subsidiaries. (a) The Subsidiaries listed on Schedule 4.15 constitute all the Subsidiaries of Holdings as of the Closing Date. Schedule 4.15 sets forth as of the Closing Date, the name and jurisdiction of incorporation of each Subsidiary of Holdings and, as to each such Subsidiary, the percentage and number of each class of Capital Stock owned by Holdings, the Borrower and the Borrower's Subsidiaries.

(b) There are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary, except as disclosed on Schedule 4.15. None of Holdings, the Borrower or any of the Borrower's Subsidiaries has issued, or authorized the issuance of, any Disqualified Stock. Parent owns, beneficially or of record, 100% of the Capital Stock of Holdings, and Holdings owns, beneficially or of record, 100% of the Capital Stock of the Borrower.

4.16 Use of Proceeds. The proceeds of the Term Loans shall be used solely to make a loan to Holdings pursuant to an intercompany note, and shall be used by Holdings to make a Loan to Parent pursuant to an intercompany note, and to pay related fees and expenses.

4.17 Environmental Matters. Other than exceptions to any of the following that could not, individually or in the aggregate, reasonably be expected to result in the payment of a Material Environmental Amount:

(a) Holdings, the Borrower and the Borrower's Subsidiaries: (i) are, and within the period of all applicable statutes of limitation have been, in compliance with all applicable Environmental Laws; and (ii) reasonably believe that compliance with all applicable Environmental Law that is or is expected to become applicable to any of them will be timely attained and maintained, without material expense.

(b) Materials of Environmental Concern are not present at, on, under, in, or about any real property now or formerly owned, leased or operated by Holdings, the Borrower or any of the Borrower's Subsidiaries, or at any other location which could reasonably be expected to (i) give rise to material liability of Holdings, the Borrower or any of the Borrower's Subsidiaries under any applicable Environmental Law or otherwise result in costs to Holdings, the Borrower or any of the Borrower's Subsidiaries, or (ii) materially interfere with Holdings', the Borrower's or any of the Borrower's Subsidiaries' continued operations, or (iii) materially impair the fair saleable value of any Real Estate owned or leased by Holdings, the Borrower or any of the Borrower's Subsidiaries.

(c) There is no judicial, administrative, or arbitral proceeding (including any notice of violation or alleged violation) under or relating to any Environmental Law to which Holdings, the Borrower or any of the Borrower's Subsidiaries is, or to the knowledge of Parent, Holdings or the Borrower will be, named as a party that is pending or, to the knowledge of Parent, Holdings or the Borrower, threatened.

(d) None of Holdings, the Borrower or any of the Borrower's Subsidiaries has received any written request for information, or been notified that it is a potentially responsible party under or relating to the federal Comprehensive Environmental Response, Compensation, and Liability Act or any similar Environmental Law, or with respect to any Materials of Environmental Concern.

(e) None of Holdings, the Borrower or any of the Borrower's Subsidiaries has entered into or agreed to any consent decree, order, or settlement or other agreement, or is subject to any judgment, decree, or order or other agreement, in any judicial, administrative, arbitral, or other forum for dispute resolution, relating to compliance with or liability under any Environmental Law.

(f) Except as disclosed in filings made with the Securities and Exchange Commission for Parent, Holdings or the Borrower, none of Holdings, the Borrower or any of the Borrower's Subsidiaries has assumed or retained, by contract or operation of law, any material liabilities of any kind, fixed or contingent, known or unknown, under any Environmental Law or with respect to any Material of Environmental Concern.

4.18 Accuracy of Information, Etc. No statement or information contained in this Agreement, any other Loan Document, or any other document, certificate or statement furnished to the Arranger, the Administrative Agent, the Syndication Agent or the Lenders or any of them, by or on behalf of Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished, any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained herein or therein not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of Parent, Holdings and the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. There is no fact known to Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries that could reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents or in any other documents, certificates and written statements furnished to the Arranger, the Agents and the Lenders for use in connection with the transactions contemplated hereby and by the other Loan Documents.

4.19 Security Documents. (a) The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid, binding and enforceable security interest in the Collateral described therein and proceeds and

products thereof. In the case of the Pledged Stock, when any stock certificates representing such Pledged Stock are delivered to the Administrative Agent, and in the case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements in appropriate form are filed in the offices specified on Schedule 4.19(a)-1 (which financing statements may be filed by the Administrative Agent at any time) and such other filings as are specified on Schedule 3 to the Guarantee and Collateral Agreement are made (all of which filings may be filed by the Administrative Agent at any time), the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds and products thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except Permitted Liens). Schedule 4.19(a)-2 lists each UCC Financing Statement that (i) names any Loan Party as debtor and (ii) will remain on file after the Closing Date.

(b) Upon the due execution thereof, each of the Mortgages will be effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid, binding and enforceable Lien on, and security interest in, the Mortgaged Properties described, and as defined, therein and proceeds and products thereof, and when the Mortgages are filed in the offices specified on Schedule 4.19(b), each such Mortgage shall constitute a fully perfected first-priority Lien on, and security interest in, all of the Mortgaged Properties and the proceeds and products thereof, as security for the Obligations, in each case prior and superior in right to any Liens of any other Person other than Permitted Liens.

4.20 Solvency. Each Loan Party is and, after giving effect to the incurrence of all Indebtedness and obligations being incurred in connection with the Loan Documents will be, and will continue to be, Solvent.

4.21 Net Indebtedness; Specified Non-Recourse Debt. On the Closing Date, the net Indebtedness of the Borrower and its Subsidiaries in the aggregate (other than the Term Loans) shall be approximately as set forth in Schedule 2.9(b). All Indebtedness listed in Part 1 of Schedule 1.1(d) is Specified Non-Recourse Debt and all of the material documents, instruments and agreements related to or entered in connection with such Indebtedness, including, without limitation, any and all guarantees (completion, payment, performance or otherwise), indemnification or other contingent obligations of Parent of any of its Subsidiaries, to which Parent or any of its Subsidiaries is a party are listed on Schedule 4.21 (collectively, the "Specified Non-Recourse Debt Documents"). Part 2 of Schedule 1.1(d) lists all of the obligations, contingent or otherwise, of Parent, EMT and WES under the Specified Non-Recourse Debt Documents. The loan commitments under the Credit Agreement, dated May 23, 2002 (as amended, supplemented or otherwise modified from time to time, the "Gulf Liquids Subordinated Credit Agreement"), between Gulf Liquids New River Project LLC, a Delaware limited liability company ("Gulf Liquids"), and Williams Energy Services, LLC, a Delaware limited liability company and a Subsidiary of Parent, have been fully utilized by Gulf Liquids and there are no more commitments of Parent or any Affiliate thereof to fund any further loans or any other monies under the Gulf Liquids Subordinated Credit Agreement or any other "Loan Documents" (as defined in the Gulf Liquids Subordinated Credit Agreement).

4.22 Insurance. Each of Holdings, the Borrower and the Borrower's Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which it is engaged; and none of Holdings, the Borrower or any of the Borrower's Subsidiaries (a) has received notice from any insurer or agent of such insurer that substantial capital improvements or other material expenditures will have to be made in order to continue such insurance or (b) has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that could not reasonably be expected to have a Material Adverse Effect.

4.23 [Intentionally Omitted].

4.24 Hydrocarbon Interests. As of the Closing Date, Schedule 4.24 sets forth a list of all of the Hydrocarbon Interests consisting of oil and gas leaseholds, mineral interests, royalty and overriding royalty interests in which the Borrower or any of its Subsidiaries has an interest.

4.25 Permits. (a) Other than exceptions to any of the following that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect (or, in the case of Environmental Permits, result in the payment of a Material Environmental Amount): (i) each of Holdings, the Borrower and the Borrower's Subsidiaries has obtained and holds all Permits required in respect of all Real Estate and for any other property otherwise operated by or on behalf of, or for the benefit of, such Person and for the operation of each of its businesses as presently conducted and as proposed to be conducted, (ii) all such Permits are in full force and effect, and each of Holdings, the Borrower and the Borrower's Subsidiaries has performed and observed all requirements of such Permits, (iii) no event has occurred which allows or results in, or after notice or lapse of time would allow or result in, revocation or termination by the issuer thereof or in any other impairment of the rights of the holder of any such Permit, (iv) no such Permits contain any restrictions, either individually or in the aggregate, that are materially burdensome to Holdings, the Borrower or any of the Borrower's Subsidiaries, or to the operation of any of its businesses or any property owned, leased or otherwise operated by such Person, (v) each of Holdings, the Borrower and the Borrower's Subsidiaries reasonably believes that each of its Permits will be timely renewed and complied with, without material expense, and that any additional Permits that may be required of such Person will be timely obtained and complied with, without material expense and (vi) none of Parent, Holdings or the Borrower has any knowledge or reason to believe that any Governmental Authority is considering limiting, suspending, revoking or renewing on materially burdensome terms any such Permit.

(b) Except as set forth on Schedule 4.25(b), no consent or authorization of, filing with, Permit from, or other act by or in respect of, any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of, or enforcement of remedies (including, without limitation, foreclosure on the Collateral) pursuant to, this Agreement and the other Loan Documents.

4.26 Lease Payments. Each of Holdings, the Borrower and the Borrower's Subsidiaries has paid all royalties and payments required to be made by it under leases of Oil and Gas Properties (except for properties abandoned in the ordinary course of business or with respect

to which the failure to pay such royalties and other payments could not be reasonably expect to have a Material Adverse Effect) where any of the Collateral is or may be located from time to time (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of Holdings, the Borrower or such Subsidiary, as the case may be); no landlord Lien has been filed, and, to the knowledge of Parent, Holdings and the Borrower, no claim is being asserted, with respect to any such payments.

SECTION 5 - CONDITIONS PRECEDENT

5.1 Conditions to Initial Extension of Credit. The agreement of each Lender to make the extension of credit requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such extension of credit on the Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of Parent, Holdings and the Borrower, (ii) the Guarantee and Collateral Agreement, executed and delivered by a duly authorized officer of Parent, Holdings, the Borrower and each Subsidiary Guarantor and (iii) if requested by any Lender, for the account of such Lender, Term Notes conforming to the requirements hereof and executed and delivered by a duly authorized officer of the Borrower.

(b) Pro Forma Balance Sheet; Financial Statements. The Lenders shall have received (i) the Pro Forma Balance Sheet, (ii) satisfactory internally prepared operating reports of the Borrower and its Subsidiaries as of and for the period from August 1, 2001, the date of consummation of the merger of Barrett Resource Corporation with and into the Borrower, through December 31, 2001 and (iii) satisfactory internally prepared operating reports of the Borrower and its Subsidiaries for the six-month period ended June 30, 2002.

(c) Approvals. All governmental and third party approvals (including landlords' and other consents) necessary or, in the discretion of the Original Lenders, advisable in connection with, the continuing operations of Parent, Holdings, the Borrower and the Borrower's Subsidiaries and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the financing contemplated hereby.

(d) Fees. The Original Lenders, the Arranger, the Syndication Agent and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including, without limitation, the reasonable fees, disbursements and other charges of counsel to the Agents and the Lenders), on or before the Closing Date. All such amounts will be paid with proceeds of Term Loans made on the Closing Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date.

(e) Solvency. The Lenders shall have received a Solvency Certificate executed by the chief financial officer of Holdings, the Borrower and each other Loan Party and a solvency

analysis of the chief financial officer of such Loan Parties in form and substance satisfactory to the Agents, in each case, which shall document the solvency of Holdings, the Borrower and each other Loan Party before and after giving effect to the transactions contemplated hereby.

(f) Lien Searches. The Administrative Agent shall be satisfied with the results of a recent lien, tax lien, judgment and litigation search in each of the jurisdictions or offices (including, without limitation, in the United States Patent and Trademark Office and the United States Copyright Office) specified by the Administrative Agent in which UCC financing statements or other filings or recordations should be made to evidence or perfect (with the priority required under the Loan Documents) security interests in all Property of the Loan Parties, and such search shall reveal no Liens on any of the assets of Holdings, the Borrower or the Borrower's Subsidiaries except for Permitted Liens.

(g) Closing Certificate. The Administrative Agent shall have received a certificate of Parent and each Loan Party, dated as of the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments.

(h) Other Certifications. The Administrative Agent shall have received the following:

(i) a copy of the charter of Parent, Holdings, the Borrower and each of the Borrower's Subsidiaries and each amendment thereto, certified (as of a date reasonably near the date of the initial extension of credit) as being a true and correct copy thereof by the Secretary of State or other applicable Governmental Authority of the jurisdiction in which Parent and each such Loan Party is organized;

(ii) a copy of a certificate of the Secretary of State or other applicable Governmental Authority of the jurisdiction in which each such Loan Party is organized, dated reasonably near the date of the initial extension of credit, listing the charter of such Loan Party and each amendment thereto on file in such office and certifying that (A) such amendments are the only amendments to such Person's charter on file in such office, (B) such Person has paid all franchise taxes to the date of such certificate and (C) such Person is duly organized and in good standing under the laws of such jurisdiction;

(iii) a telephonic confirmation from the Secretary of State or other applicable Governmental Authority of each jurisdiction in which each such Person is organized certifying that Parent, Holdings, the Borrower and each of the Borrower's Subsidiaries is duly organized and in good standing under the laws of such jurisdiction on the date of the initial extension of credit, together with a written confirmatory report in respect thereof prepared by, or on behalf of, a filing service acceptable to the Administrative Agent; and

(iv) a copy of a certificate of the Secretary of State or other applicable Governmental Authority of each jurisdiction in which Parent, Holdings, the Borrower and each of the Borrower's Subsidiaries is required to be qualified as a foreign corporation or entity.

(i) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Parent, Holdings, the Borrower and the Borrower's Subsidiaries, substantially in the form of Exhibit F-1;

(ii) the legal opinion of the general counsel of the Parent, Holdings, the Borrower and the Borrower's subsidiaries, substantially in the form of Exhibit F-2

(iii) the legal opinion of Davis Graham & Stubbs LLP, counsel to the Borrower, substantially in the form of Exhibit F-3; and

(iv) such other legal opinions of local counsel as are requested by the Administrative Agent in form and substance satisfactory to the Administrative Agent.

Each such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement and the other Loan Documents as the Administrative Agent may reasonably require.

(j) Pledged Stock; Stock Power; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note pledged to the Administrative Agent pursuant to the Guarantee and Collateral Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank satisfactory to the Administrative Agent) by the pledgor thereof.

(k) Filings, Registrations and Recordings. Each document (including, without limitation, any UCC financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a perfected Lien on, and security interest in, the Collateral described therein, prior and superior in right to any other Person (other than Permitted Liens), shall have been delivered to the Administrative Agent in proper form for filing, registration or recordation.

(l) Insurance. The Administrative Agent shall have received insurance certificates satisfying the requirements of Section 4.24 and of Section 5.3 of the Guarantee and Collateral Agreement.

(m) Representations and Warranties. Each of the representations and warranties made by Parent or any Loan Party in or pursuant to the Loan Documents shall be true and correct on the Closing Date.

(n) No Default. No Default or Event of Default shall have occurred and be continuing on the Closing Date or after giving effect to the extensions of credit requested to be made on the Closing Date, Parent shall have provided evidence satisfactory to the Administrative Agent of all consents and waivers necessary under Parent's credit facilities and a borrowing availability thereunder of at least $400,000,000.

(o) Capital Structure. The capital structure of Holdings, the Borrower and its Subsidiaries both before and after giving effect to the borrowing of the Term Loans and the use of the proceeds

of the Term Loans as contemplated in this Agreement shall be satisfactory to the Administrative Agent.

(p) Satisfactory Documentation. The loan by the Borrower to Holdings, and by Holdings to Parent, of the net proceeds of the Term Loans shall have been consummated by documentation satisfactory to the Agents, and no provision of any such documentation shall have been waived, amended, supplemented or otherwise amended without the consent of the Agents.

(q) Reserve Reports. The Lenders shall have received Reserve Reports dated as of December 31, 2001, covering the Hydrocarbon Interests of the Borrower and its Subsidiaries in form and substance satisfactory to the Administrative Agent.

(r) Funds Received on Closing Date. Parent shall have received $3,400,000,000 (including, without limitation, evidence of available liquidity under its credit facilities), including proceeds of the Terms Loans, all of which shall be funded into escrow and none of which shall be released until all such funds are released. On the Closing Date, Parent shall have borrowed at least $5,000,000 under its $700,000,000 revolving credit facility. The Administrative Agent shall be satisfied with the sufficiency of the amounts available to the Borrower to meet the Borrower's and its Subsidiaries' ongoing working capital needs after the borrowing of the Term Loans hereunder. The Borrower shall have cash on hand on the Closing Date, after giving effect to the transactions contemplated by the Loan Documents, of not less than $65,000,000, free of Liens.

(s) Intercompany Indebtedness. The Lenders shall have receive a schedule in form and substance satisfactory to them setting forth the Indebtedness between Parent or any of its Affiliates (other than Holdings and its Subsidiaries), on the one hand, and Holdings, the Borrower or any of the Borrower's Subsidiaries, on the other hand. Parent, Holdings and the Borrower shall deliver evidence satisfactory to the Administrative Agent that immediately prior to the borrowing of the Term Loans, there are no intercompany balances owed by Holdings, the Borrower or any of the Borrower's Subsidiaries to Parent or any of its Subsidiaries (other than Holdings and its Subsidiaries).

(t) Oil and Gas Mortgages. The Lenders shall have received evidence satisfactory to them of the filing of oil and gas mortgages on all of the Borrower's real property in the Powder River Basin, the Piecance Basin and the Raton Basin, which mortgages the Borrower has represented to cover at least 85% of the value of the Borrower's and its Subsidiaries' Hydrocarbon Interests.

(u) Environmental. The Lenders shall be satisfied with the environmental affairs of the Borrower and its Subsidiaries.

(v) Miscellaneous. The Administrative Agent shall have received such other documents, agreements, certificates and information as it shall reasonably request.

SECTION 6 - AFFIRMATIVE COVENANTS

Parent, Holdings and the Borrower hereby jointly and severally agree that, so long as any Term Loan or other amount is owing to any Lender, the Arranger or any Agent hereunder, each of Parent, Holdings and the Borrower shall, and shall cause each of the Borrower's Subsidiaries to:

6.1 Financial Statements. Furnish to each Agent and each Lender:

(a) as soon as available, but in any event within 105 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by a firm of independent certified public accountants of nationally recognized standing satisfactory to the Administrative Agent;

(b) as soon as available, but in any event not later than 60 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments); and

(c) as soon as available, but in any event not later than 45 days after the end of each month occurring during each fiscal year of the Borrower (other than the third, sixth, ninth and twelfth such month), the unaudited consolidated balance sheet of the Borrower and the Borrower's Subsidiaries as at the end of such month and the related unaudited consolidated statements of income and of cash flows for such month and the portion of the fiscal year through the end of such month, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments);

all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein).

6.2 Certificates; Other Information. Furnish to each Agent and each Lender, or, in the case of clause (i), to the relevant Lender:

(a) concurrently with the delivery of the financial statements referred to in Section 6.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of any financial statements pursuant to Section 6.1, (i) a certificate of a Responsible Officer stating that, to the best of each such Responsible Officer's knowledge, Parent and each Loan Party during such period has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and (ii) in the case of quarterly or annual financial statements, (x) a Compliance Certificate containing all information and calculations necessary for determining compliance by Parent, Holdings, the Borrower and the Borrower's Subsidiaries with Section 7.1 as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be, and (y) to the extent not previously disclosed to the Administrative Agent in writing, a listing of any county, state, territory, province, region or any other jurisdiction, or any political subdivision thereof, whether of the United States or otherwise, where any Loan Party keeps inventory or equipment (other than mobile goods) and of any Intellectual Property acquired by any Loan Party since the date of the most recent list delivered pursuant to this clause (y) (or, in the case of the first such list so delivered, since the Closing Date);

(c) concurrently with any Compliance Certificate delivered pursuant to paragraph (b) above, (i) a production statement that identifies the most recent information available relating to the gross volumes of Hydrocarbons produced in the aggregate from the Hydrocarbon Interests of the Borrower and its Subsidiaries and (ii) a statement of revenues and expenses attributable to the Hydrocarbon Interests of the Borrower and its Subsidiaries for such fiscal quarter ended;

(d) as soon as available, and in any event no later than 45 days after the end of each fiscal year of the Borrower, a detailed consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Borrower and the Borrower's Subsidiaries as of the end of the following fiscal year, and the related consolidated statements of projected cash flow, projected changes in financial position and projected income), and, as soon as available, significant revisions, if any, of such budget and projections with respect to such fiscal year (collectively, the "Projections"), which Projections shall in each case be accompanied by a certificate of a Responsible Officer stating that such Projections are based on reasonable estimates, information and assumptions and that such Responsible Officer has no reason to believe that such Projections are incorrect or misleading in any material respect;

(e) within 60 days after the end of each fiscal quarter of the Borrower, a narrative discussion and analysis of the financial condition and results of operations of the Borrower and the Borrower's Subsidiaries for such fiscal quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter, as compared to the portion of the Projections covering such periods and to the comparable periods of the previous year;

(f) no later than 10 Business Days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect the Governing Documents of Holdings, the Borrower or any of the Borrower's Subsidiaries;

(g) within five days after the same are sent, copies of all financial statements and reports that Holdings, the Borrower or any of the Borrower's Subsidiaries sends to the holders of any

class of its debt securities or public equity securities and, within five days after the same are filed, copies of all financial statements and reports that Holdings, the Borrower or any of the Borrower's Subsidiaries may make to, or file with, the SEC;

(h) as soon as possible and in any event within 5 days of obtaining knowledge thereof: (i) notice of any development, event, or condition that, individually or in the aggregate with other developments, events or conditions, could reasonably be expected to result in the payment by Holdings, the Borrower or any of the Borrower's Subsidiaries, in the aggregate, of a Material Environmental Amount; and (ii) any notice that any Governmental Authority may condition approval of, or any application for, an Environmental Permit or any other material Permit held by Holdings, the Borrower or any of the Borrower's Subsidiaries on terms and conditions that are materially burdensome to Holdings, the Borrower or any of the Borrower's Subsidiaries, or to the operation of any of its businesses or any property owned, leased or otherwise operated by such Person;

(i) to the extent not included in clauses (a) through (h) above, no later than the date the same are required to be delivered thereunder, copies of all agreements, documents or other instruments (including, without limitation, (i) audited and unaudited, pro forma and other financial statements, reports, forecasts, and projections, together with any required certifications thereon by independent public auditors or officers of Holdings, the Borrower or any of the Borrower's Subsidiaries or otherwise), (ii) press releases and (iii) statements or reports) furnished to any other holder of the securities of Holdings, the Borrower or any of the Borrower's Subsidiaries;

(j) weekly, on the first Business Day of each week (or on a more frequent basis if requested by the Administrative Agent), a certificate of the chief financial officer of Parent in the form of Exhibit L (the "No Parent Liquidity Event Certificate") (i) certifying that no Parent Liquidity Event has occurred as of such date, (ii) with a 12-month liquidity projection as of such date, (iii) certifying that all lines of credit, including, but not limited to, lines of credit pursuant to the Williams Multiyear Credit Agreement and the L/C Agreement (as defined in the Williams Multiyear Credit Agreement), included in such 12-month liquidity projection are available (by virtue of the fact that the conditions precedent to the issuance of a letter of credit or advance are satisfied or satisfiable) as of such date and will be, to the best of Parent's knowledge, available on the projected date of incurrence of such Indebtedness, and (iv) certifying as of such date and, to the best of Parent's knowledge, on the projected date of incurrence of such Indebtedness that the incurrence of such Indebtedness will not violate any Requirement of Law or violate or result in a default or event of default under any Contractual Obligation of Parent (or a Subsidiary thereof, other than Holdings, the Borrower or any of the Borrower's Subsidiaries), Holdings, the Borrower or any of the Borrower's Subsidiaries. Each of Parent, Holdings and the Borrower agrees that each No Parent Liquidity Event Certificate shall be delivered without modification (other than with respect to the date thereof) and without any qualifications, exclusions or exceptions. In determining Parent's forward liquidity, Parent may take into account asset sales or other liquidity events if, but only if, at the date of the projection Parent shall have initiated a Disposition process related to such liquidity event reasonably satisfactory to the Administrative Agent and determined by the Administrative Agent to be reasonably likely to result in the consummation of such proposed Disposition or liquidity event within such 12-month period);

(k) no later than 45 days following the Closing Date, Reserve Reports with respect to the Hydrocarbon Interests of the Borrower and its Subsidiaries dated as of July 1, 2002 accompanied by a report thereon by Ryder Scott satisfactory to the Administrative Agent (other than with respect to the reserves located in the Powder River Basin and the Raton Basin, as to which the Borrower shall deliver a Reserve Report dated as of July 1, 2002 accompanied by a report thereon by Netherland Sewel satisfactory to the Administrative Agent), each of which shall be in form and substance satisfactory to the Administrative Agent. Such Reserve Reports shall not contain information materially worse, taken as a whole, than the information contained in the Reserve Reports with three price cases as of July 1, 2001 previously delivered pursuant to Section 5.1 (except with respect to commodity prices), as determined by the Administrative Agent in their reasonable discretion;

(l) no later than 75 days after the Closing Date, (i) audited consolidated financial statements for the Borrower and its Subsidiaries as of and for the year ended December 31, 2001, accompanied by the unqualified opinion of an independent auditing firm satisfactory to the Administrative Agent and (ii) unaudited interim consolidated financial statements as of and for the six months ended June 30, 2002, accompanied by the interim review report pursuant to SAS 71 of such independent auditors. None of the foregoing financial statements shall be different in any materially adverse respect from the internally prepared operating reports as of and for the aforementioned dates delivered pursuant to Section 5.1; and

(m) furnish to the Administrative Agent, within 60 days of identification thereof by the Administrative Agent, limited mortgage title opinions in form and content reasonably satisfactory to the Administrative Agent showing the Administrative Agent as having a valid and perfected first-priority Lien (subject to Permitted Liens) covering the Borrower's interest in at least 250 producing wells included in the Oil and Gas Properties, as selected by the Administrative Agent (the "Initial Title Opinions"). If the Initial Title Opinions show material defects to title which render the Borrower's title to its interests in wells representing more than 10% of the aggregate reserve value of the examined wells less than defensible in accordance with oil and gas industry standards, then the Administrative Agent may request additional limited mortgage title opinions covering an additional 50 producing wells included in the Oil and Gas Properties to be delivered within 45 days from the Administrative Agent's request therefor (the "Second Tranche Title Opinions"). If the Second Tranche Title Opinions show material defects to title which render the Borrower's title to its interests in wells representing more than 10% of the aggregate reserve value of all the examined wells less than defensible in accordance with oil and gas industry standards, then the Administrative Agent may request additional limited mortgage title opinions covering an additional 50 wells included in the Oil and Gas Properties to be delivered within 45 days from the Administrative Agent's request therefor; and

(n) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have

been provided on the books of Holdings, the Borrower or the Borrower's Subsidiaries, as the case may be.

6.4 Conduct of Business and Maintenance of Existence, Etc. (a) (i) Preserve, renew and keep in full force and effect its corporate, partnership or limited liability company existence and (ii) take all reasonable action to maintain all rights, privileges, franchises Permits and licenses necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) to the extent not in conflict with this Agreement or the other Loan Documents comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property; Leases; Insurance. (a) Keep all Property and systems useful and necessary in its business in good working order and condition, ordinary wear and tear excepted.

(b) Maintain all rights of way, easements, grants, privileges, licenses, certificates, and permits necessary or advisable for the use of any Real Estate and will not, without the prior written consent of the Administrative Agent, consent to any public or private restriction as to the use of any Real Estate.

(c) Comply with the terms of each lease in respect of Oil and Gas Properties so as to not permit any material uncured default on its part to exist in respect of such lease and renew the terms of such leases on commercially reasonable terms, except such defaults and expiration of leases that could not be reasonably expected to have a Material Adverse Effect.

(d) Maintain with financially sound and reputable insurance companies insurance on all its Property (including, without limitation, all inventory, equipment and vehicles) in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to the Administrative Agent with copies for each Secured Party, upon written request, full information as to the insurance carried; provided that in any event each of Holdings, the Borrower and the Borrower's Subsidiaries will maintain, to the extent obtainable on commercially reasonable terms, (i) property insurance on an all risks basis (including the perils of flood and quake, loss by fire, explosion and theft and such other risks and hazards as are covered by an all risk policy), covering the repair or replacement cost, business interruption and extra expense (which shall include reconstruction costs and business interruption losses as are otherwise generally available to similar businesses), and (ii) public liability insurance, such property insurance shall include to the satisfaction of the Administrative Agent coverage for the increased cost of construction, debris removal and/or demolition expenses incurred as a result of the application of any building law and/or ordinance. All such insurance with respect to each of Holdings, the Borrower and the Borrower's Subsidiaries shall be provided by insurers or re-insurers which (x) in the case of United States insurers and re-insurers, have an A.M. Best rating of not less than A- with respect to primary insurance and B+ with respect to excess insurance and (y) in the case of

non-United States insurers or re-insurers, the providers of at least 80% of such insurance have either an ISI policyholders rating of not less than A, an A.M. Best rating of not less than A- or a surplus of not less than $500,000,000 with respect to primary insurance, and an ISI policyholders rating of not less than BBB or an A.M. Best rating of not less than B+ with respect to excess insurance, or such other insurers as the Administrative Agent may approve in writing. To the extent obtainable from the Borrower's and its Subsidiaries' insurers, all insurance shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, (ii) contain a waiver of subrogation against any Secured Party, (iii) contain a standard noncontributory mortgagee clause naming the Administrative Agent (and/or such other party as may be designated by the Administrative Agent) as the party to which all payments made by such property insurance company shall be paid, (iv) if requested by the Administrative Agent, provide that none of Holdings, the Borrower or any of the Borrower's Subsidiaries, any Secured Party or any other Person shall be a co-insurer under such insurance policies, and (v) be reasonably satisfactory in all other respects to the Administrative Agent. Each Secured Party shall be named as an additional insured on all liability insurance policies of each of Holdings, the Borrower and the Borrower's Subsidiaries and the Administrative Agent shall be named as loss payee on all property insurance policies of each such Person.

(e) Deliver to the Administrative Agent on behalf of the Secured Parties, (i) on the Closing Date, a certificate dated such date showing the amount and types of insurance coverage as of such date, (ii) upon request of any Secured Party from time to time, full information as to the insurance carried, (iii) promptly following receipt of notice from any insurer, a copy of any notice of cancellation or material change in coverage from that existing on the Closing Date, (iv) forthwith, notice of any cancellation or non-renewal of coverage by any of Holdings, the Borrower or any of the Borrower's Subsidiaries and (v) promptly after such information is available to any of Holdings, the Borrower or any of the Borrower's Subsidiaries, full information as to any claim for an amount in excess of $1,000,000 with respect to any property and casualty insurance policy maintained by any of Holdings, the Borrower or the Borrower's Subsidiaries.

(f) Preserve and protect the Lien status of each respective Mortgage and, if any Lien (other than unrecorded Liens permitted under Section 7.3 that arise by operation of law and other Liens permitted under Section 7.3(b)(vi)) is asserted against a Mortgaged Property, promptly and at its expense, give the Administrative Agent a detailed written notice of such Lien and pay the underlying claim in full or take such other action so as to cause it to be released or bonded over in a manner satisfactory to the Administrative Agent.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) permit representatives of any Lender to visit and inspect any of its properties and examine and, at the Borrower's Subsidiaries' expense, make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of Parent, Holdings, the Borrower and the Borrower's Subsidiaries with officers and

employees of Parent, Holdings, the Borrower and the Borrower's Subsidiaries and with their respective independent certified public accountants.

6.7 Notices. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default (or alleged default) under any Contractual Obligation of Holdings, the Borrower or any of the Borrower's Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between Holdings, the Borrower or any of the Borrower's Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting Holdings, the Borrower or any of the Borrower's Subsidiaries in which the amount involved is $1,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

(d) the following events, as soon as possible and in any event within 30 days after Holdings, the Borrower or any of the Borrower's Subsidiaries knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan;

(e) any development or event that has had or could reasonably be expected to have a Material Adverse Effect; and

(f) any notice of default given to the Borrower or any of the Borrower's Subsidiaries from a landlord in connection with any leased property where inventory of the Borrower or the Borrower's Subsidiaries is located.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action Holdings, the Borrower or the relevant Subsidiary proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and Environmental Permits, and obtain, maintain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain, maintain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all material investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

6.9 Parent Liquidity Event. Within two Business Days following the occurrence of a Parent Liquidity Event or Default (provided that the foregoing shall not limit the rights of the Administrative Agent or the Lenders set forth in Section 8), Parent shall retain Lehman Brothers Inc. or an Affiliate thereof and another independent financial advisor reasonably acceptable to the Original Lenders to commence a process with respect to the consummation of a Company Sale for fair value and such Company Sale shall occur within 75 days of such Parent Liquidity Event or such Default (provided that the foregoing shall not limit the rights of the Administrative Agent or the Lenders set forth in Section 8). Parent shall cause Lehman Brothers Inc. or such Affiliate and such other independent financial advisor to report to the Administrative Agent on the status of such process on a weekly basis.

6.10 Additional Collateral, Guarantors, Etc.

(a) With respect to any Property acquired after the Closing Date, the Borrower or any of the Borrower's Subsidiaries (other than any Property described in paragraphs (b) or (c) of this Section 6.10), promptly (and, in any event, within 10 days following the date of such acquisition) (i) execute and deliver to the Administrative Agent (A) Mortgages, (B) such amendments to the Guarantee and Collateral Agreement or (C) such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in such Property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first-priority security interest (subject to Permitted Liens) in such Property, including, without limitation, the filing of Mortgages or UCC financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent.

(b) In the case of any Wholly-Owned Subsidiary of any Loan Party that is a Domestic Subsidiary, such Loan Party shall cause such Wholly-Owned Subsidiary to execute a supplement, amendment or joinder or otherwise become a party to the guaranty contained in the Guarantee and Collateral Agreement to the satisfaction of the Administrative Agent.

(c) Notwithstanding anything to the contrary in this Section 6.10, paragraph shall not apply to any Property or new Subsidiary created or acquired after the Closing Date, as applicable, as to which the Administrative Agent has determined in its sole discretion that the collateral value thereof is insufficient to justify the difficulty, time and/or expense of obtaining a perfected security interest therein.

(d) The Borrower shall (i) execute and deliver to the Administrative Agent by November 15, 2002 a Control Agreement and any other documents necessary or desirable to enable the Administrative Agent (for the benefit of the Lenders) to have a perfected security interest in and "control" (within the meaning of the UCC) of the Posted Collateral (as defined in the Required Hedge Agreement) and (ii) maintain such perfected security interest in the Posted Collateral until the Obligations are paid in full in cash.

6.11 [Intentionally Omitted].

6.12 Use of Proceeds. Use the proceeds of the Term Loans only for the purposes specified in Section 4.16.

6.13 [Intentionally Omitted].

6.14 Further Assurances. From time to time execute and deliver, or cause to be executed and delivered, such additional instruments, certificates or documents, and take all such actions, as the Administrative Agent may reasonably request, for the purposes of implementing or effectuating the provisions of this Agreement and the other Loan Documents, or of more fully perfecting or renewing the rights of the Administrative Agent and the Lenders with respect to the Collateral (or with respect to any additions thereto or replacements or proceeds or products thereof or with respect to any other property or assets hereafter acquired by the Borrower or any Subsidiary which may be deemed to be part of the Collateral) pursuant hereto or thereto. Upon the exercise by the Administrative Agent or any Lender of any power, right, privilege or remedy pursuant to this Agreement or the other Loan Documents which requires any consent, approval, recording, qualification or authorization of any Governmental Authority, the Borrower will execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that the Administrative Agent or such Lender may be required to obtain from the Borrower or any of the Borrower's Subsidiaries for such governmental consent, approval, recording, qualification or authorization.

6.15 Other Provisions Relating to Holdings and the Borrower.

(a) Parent, Holdings and the Borrower shall hedge the Borrower's commodity price risk as set forth on Schedule 6.15(a).

(b) Holdings and the Borrower shall (a) do all things necessary to permit each of the Original Lenders to appoint a representative to act as an observer at all meetings of the Board of Directors of the Borrower or committees thereof and (b) shall provide to the Original Lenders (i) all notices of such meetings when they are sent to the members of the Board of Directors or any such committee, as the case may be, and (ii) all information distributed to the members of the Board of Directors or such committee in advance of and in connection with any such meeting.

6.16 Capital Expenditures. The Borrower and its Subsidiaries shall make Capital Expenditures in the ordinary course consistent with past practice.

SECTION 7 - NEGATIVE COVENANTS

Parent, Holdings and the Borrower hereby jointly and severally agree that, so long as any Obligations are owing to any Lender, the Arranger or any Agent hereunder, Holdings and the Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Interest Coverage Ratio. On the last day of any fiscal quarter, permit the Consolidated Interest Coverage Ratio of the Borrower to be less than 1.50 to 1.00 for any four consecutive fiscal quarter period beginning two fiscal quarters prior to such date and ending two fiscal quarters subsequent to such date; provided that the financial information used for the subsequent two fiscal-quarter period shall be the relevant information disclosed in the most recent Projections delivered to the Administrative Agent.

(b) Consolidated Fixed Charge Coverage Ratio. On the last day of any fiscal quarter, permit the Consolidated Fixed Charge Coverage Ratio of the Borrower to be less than 1.15 to 1.00 for any four consecutive fiscal quarter period beginning two fiscal quarters prior to such date and ending two fiscal quarters subsequent to such date; provided that the financial information used for the subsequent two fiscal-quarter period shall be the relevant information disclosed in the most recent Projections delivered to the Administrative Agent.

7.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Loan Party created under any Loan Document;

(b) Unsecured Indebtedness of the Borrower to any Solvent Subsidiary and of any Wholly Owned Subsidiary Guarantor to the Borrower or any other Solvent Subsidiary;

(c) Indebtedness permitted by Section 7.16;

(d) Indebtedness of the Borrower and the Borrower's Subsidiaries outstanding on the date hereof and listed on Schedule 7.2(d), including extensions, renewals or refinancings thereof; provided that any such extension, renewal or refinancing (i) is in an aggregate principal amount not greater than the principal amount of the Indebtedness being extended, renewed or refinanced and (ii) does not shorten the final maturity or average weighted maturity of the Indebtedness being extended, renewed or refinanced;

(e) Indebtedness of Holdings pursuant to the Subordinated Guaranty;

(f) Letters of credit issued to support Required Hedge Agreements; and

(g) Surety bonds and performance and guarantee bonds required in the ordinary course of the Borrower's exploration and production activities (other than any performance bonds required in connection with prepaid delivery obligations) in an aggregate principal amount not to exceed $30,000,000.

7.3 Limitation on Liens. Other than with respect to the Bison Entities, create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired, except for (a) with respect to Holdings, Liens granted pursuant to the Loan Documents and (b) with respect to the Borrower and its Subsidiaries only, the following Liens:

(i) Lessors' royalties, overriding royalties, reversionary interests and similar burdens;

(ii) Any required third-party consents to assignment of leases and contracts and preferential purchase rights;

(iii) Liens for taxes or assessments not yet due or not yet delinquent or, if delinquent, that are being contested in good faith in the normal course of business and for which adequate reserves are maintained in accordance with GAAP;

(iv) all rights to consent by, required notices to, filings with, or other actions by Governmental Authorities in connection with the sale or conveyance of the assets if the same is customarily obtained subsequent to such sale or conveyance;

(v) Rights of reassignment upon the surrender or expiration of any lease;

(vi) easements, rights-of-way, servitudes, permits, surface leases and other rights with respect to surface operations on, over or in respect of any of the Oil and Gas Properties or any restriction on access thereto and that do not materially interfere with the operation of the affected Oil and Gas Property;

(vii) Materialman's, mechanics', repairman's, employees', contractors', operators or other similar Liens or charges arising in the ordinary course of business incidental to construction, maintenance or operation of the assets of Holdings, the Borrower or the Borrower's Subsidiaries, (i) if they have not been filed pursuant to law and the time for filing has expired, (ii) if filed, they have not yet become due and payable or payment is being withheld as provided by law or (iii) if their validity is being contested in good faith by appropriate action;

(viii) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(ix) Liens, pledges or deposits by or on behalf of the Borrower or any of the Borrower's Subsidiaries to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(x) Liens in existence on the date hereof listed on Schedule 7.3(b)(x), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any additional Property after the Closing Date and that the amount of Indebtedness secured thereby is not increased;

(xi) any interest or title of a lessor under any lease entered into by the Borrower or any of the Borrower's Subsidiaries in the ordinary course of its business and covering only the assets so leased;

(xii) Liens arising out of all presently existing and future division and transfer orders, advance payment agreements, processing contracts, gas processing plant agreements, operating agreements, gas balancing or deferred production agreements, pooling, unitization or communitization agreements, pipeline, gathering or transportation agreements, platform agreements, drilling contracts, injection or repressuring agreements, cycling agreements,

construction agreements, salt water or other disposal agreements, leases or rental agreements, farm-out and farm-in agreements, exploration and development agreements, and any and all other contracts or agreements covering, arising out, used or useful in connection with or pertaining to the exploration, development, operation, production, sale, use, purchase, exchange, storage, separation, dehydration, treatment, compression, gathering, transportation, processing, improvement, marketing, disposal, or handling of any Hydrocarbon Interest of the Borrower or any Subsidiary thereof; provided that such agreements are entered into in the ordinary course of business and contain terms customary for such agreements in the industry; and provided further that no Liens described in this paragraph (j) shall be granted or created in connection with the incurrence of Indebtedness;

(xiii) Rights reserved to or vested in any Governmental Authority to control or regulate any of the Oil and Gas Properties in any manner and all Requirements of Law of general applicability in that area;

(xiv) Liens arising out of operating agreements, unitization and pooling agreements and production sales contracts securing amounts not yet due or, if due, being contested in good faith in the ordinary course of business;

(xv) Gas imbalances that obligate the Borrower to provide and make up free of charge, and that other third parties are entitled to take without paying for, under applicable contracts, as a result of any imbalances in production or sales from the assets at any wells, in any pipelines, at any gas plant or in storage;

(xvi) defects, irregularities and deficiencies in the title to any rights of way or any Hydrocarbon Interest of the Borrower or any Subsidiary thereof which in the aggregate do not materially impair the use of such rights of way or any Hydrocarbon Interest for the purposes for which such rights of way and any other Hydrocarbon Interest are held by such Person, and defects, irregularities and deficiencies in title to any Hydrocarbon Interest of the Borrower or any of its Subsidiaries, which defects, irregularities or deficiencies have been cured by possession under applicable statutes of limitations;

(xvii) (A) Liens provided for in the Required Hedge Agreement and (B) Liens on the GE Equipment to secure the GE Loan; and

(xviii) Liens granted pursuant to the Loan Documents.

7.4 Limitation on Fundamental Changes. Other than with respect to the Bison Entities, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its Property or business, except that:

(a) any Solvent Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Subsidiary Guarantor (provided that the Subsidiary Guarantor shall be the continuing or surviving corporation); and

(b) any Subsidiary of the Borrower may Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any Subsidiary Guarantor.

7.5 Limitation on Disposition of Property. Dispose of any of its Property (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, or, in the case of any Subsidiary of Holdings, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of Hydrocarbons or other inventory in the ordinary course of business;

(c) Dispositions permitted by Section 7.4(b);

(d) the sale or issuance of (i) any Capital Stock of a Subsidiary of the Borrower (other than Disqualified Stock) to the Borrower or any Subsidiary Guarantor or (ii) the Borrower's Capital Stock (other than Disqualified Stock) to Holdings;

(e) (i) an Asset Sale or (ii) Dispositions the prohibition of which Dispositions would conflict with any material Indebtedness or financing agreement of Parent as in effect on the Closing Date; provided that the proceeds of any such Asset Sale or Disposition, as the case may be, are solely in the form of cash and the Loan Parties party to such Asset Sale or Disposition, as the case may be, comply with the provisions of Section 2.12;

(f) any trade or exchange of Oil and Gas Properties or Capital Stock in any corporation or royalty trust in the Oil and Gas Business owned by the Borrower or any of its Subsidiaries for Oil and Gas Properties owned or held by another Person if the fair market value of such Oil and Gas Properties or Capital Stock traded or exchanged by the Borrower or any such Subsidiary (including any cash or Cash Equivalents (excluding cash exchanged with respect to the reimbursement of drilling costs or revenues received by the parties thereto), not to exceed 15% of the such fair market value, to be delivered to the Borrower or such Subsidiary) is reasonably equivalent to the fair market value of the Oil and Gas Properties (together with any cash or Cash Equivalents (excluding cash exchanged with respect to the reimbursement of drilling costs or revenues received by the parties thereto), not to exceed 15% of such fair market value) to be received by the Borrower or such Subsidiary as determined in good faith by (i) any officer of the Borrower, if such fair market value is less than $5,000,000 and (ii) the Board of Directors of the Borrower as evidenced by a Board resolution delivered to the Administrative Agent, if such fair market value is equal to or greater than $5,000,000; provided that if such resolution indicates that such fair market value is equal to or greater than $10,000,000, such Board resolution shall be accompanied by a written appraisal by a nationally recognized investment banking firm or appraisal firm, in each case specializing or having a specialty in Oil and Gas Properties; provided further that the Borrower shall execute and deliver Mortgages to the Administrative Agent pursuant to Section 6.10 on any Oil and Gas Properties received by the Borrower (provided, however, that notwithstanding anything in this Section 7.5(f) to the contrary, the Parent, Holdings, the Borrower and the Borrower's Subsidiaries may not trade or exchange Oil and Gas Properties or Capital Stock in any corporation or royalty trust in the Oil and Gas Business owned by the

Borrower or any of its Subsidiaries for Oil and Gas Properties owned or held by another Person in an amount exceeding in the aggregate the sum of (i) $20,000,000 minus (ii) the fair market value of assets or property Disposed of pursuant to Section 7.5(g)(ii)); and

(g) (i) Dispositions described in detail on Schedule 7.5(g)(i) required in connection with operating contracts, joint venture agreements and lease agreements existing on the date hereof and (ii) Dispositions of Property acquired after the Closing Date required in connection with operating contracts, joint venture agreements and lease arrangements entered into after the date hereof in the ordinary course of business and on arm's-length terms (which Disposition is with the other party to such agreement), the aggregate value of which shall not exceed the sum of (A) $20,000,000 minus (B) the fair market value of the Oil and Gas Properties or Capital Stock in any corporation or royalty trust in the Oil and Gas Business owned by the Borrower or any of its Subsidiaries traded or exchanged pursuant to Section 7.5(f).

7.6 Limitation on Restricted Payments. Other than with respect to the Bison Entities, declare or pay any dividend (other than dividends payable solely in common stock (excluding Disqualified Stock) of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of Holdings, the Borrower or any of the Borrower's Subsidiaries, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Holdings, the Borrower or any of the Borrower's Subsidiaries, or enter into any derivatives or other transaction with any counterparty (a "Derivatives Counterparty") obligating the Borrower or any of the Borrower's Subsidiaries to make payments to such Derivatives Counterparty as a result of any change in market value of any such Capital Stock (collectively, "Restricted Payments"), except that:

(a) a Subsidiary may make Restricted Payments to the Borrower or any Subsidiary Guarantor; and

(b) the Borrower and Holdings may pay dividends or lend funds to Holdings and Parent (i) on the Closing Date, in an amount equal to the net proceeds of the Term Loans; and (ii) thereafter, in cash, to the extent (A) no Default or Event of Default has occurred and is continuing and (B) pro forma for making such dividend or lending such funds, the Borrower still maintains 100% of the Borrower Liquidity Reserve.

7.7 Limitation on Capital Expenditures. Make or commit to make any Capital Expenditure, except Capital Expenditures of the Borrower and the Borrower's Subsidiaries in the ordinary course of business not exceeding $300,000,000 for each fiscal year; provided that any amount up to $300,000,000 not expended in a fiscal year may be carried over for expenditure in the next succeeding fiscal year. Capital Expenditures made pursuant to this Section 7.7 during any fiscal year shall be deemed made, first, in respect of amounts permitted for such fiscal year as provided above and second, in respect of amounts carried over from the prior fiscal year pursuant to the proviso above.

7.8 Limitation on Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting an ongoing business from, or make any other investment in, any other Person (all of the foregoing, "Investments"), except:

(a) extensions of trade credit in the ordinary course of business;

(b) Investments in Cash Equivalents;

(c) Investments arising in connection with the incurrence of Indebtedness permitted by Section 7.2(b), 7.2(d) (only in respect of loans existing on the date hereof made by the Bison Entities to the Parent and its Affiliates) and 7.16;

(d) loans and advances to employees of the Borrower or any Subsidiaries of the Borrower in the ordinary course of business (including, without limitation, for travel, entertainment and relocation expenses) in an aggregate amount for Holdings, the Borrower and Subsidiaries of the Borrower not to exceed $1,000,000 at any one time outstanding;

(e) Investments (other than those relating to the incurrence of Indebtedness permitted by Section 7.8(c)) by Holdings, the Borrower or any of the Borrower's Subsidiaries in the Borrower or any Person that, prior to such Investment, is a Subsidiary Guarantor; and

(f) Investments arising in connection with the Subordinated Guaranty.

7.9 Limitation on Optional Payments and Modifications of Indebtedness. (a) Other than with respect to the Bison Entities, (i) make or offer to make any optional or voluntary payment, prepayment, repurchase or redemption of, or otherwise voluntarily or optionally defease, any Indebtedness, or segregate funds for any such payment, prepayment, repurchase, redemption or defeasance, or enter into any derivative or other transaction with any Derivatives Counterparty obligating Holdings, the Borrower or any of the Borrower's Subsidiaries to make payments to such Derivatives Counterparty as a result of any change in market value of such Indebtedness, other than the prepayment of Indebtedness incurred hereunder, (ii) amend or permit the amendment of its Governing Documents in any manner determined by the Administrative Agent to be adverse to the Lenders or (iii) amend, modify or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms (including, without limitation, the subordination terms) of any Indebtedness (excluding the Indebtedness hereunder) (other than any such amendment, modification, waiver or other change that (x) would extend the maturity or reduce the amount of any payment of principal thereof, reduce the rate or extend the date for payment of interest thereon or relax any covenant or other restriction applicable to Holdings, the Borrower or any of the Borrower's Subsidiaries and (y) does not involve the payment of a consent fee).

(b) The Bison Entities shall not, and the Borrower shall not permit any of the Bison Entities to, make, or consent to or agree to make, any Prohibited Modification.

7.10 Limitation on Transactions with Affiliates. Except as permitted by Section 7.16 and except for the Subordinated Guaranty, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property, the rendering of any service or

the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Subsidiary Guarantor) unless such transaction is (a) otherwise permitted under this Agreement, (b) in the ordinary course of business of Holdings, Borrower or such Subsidiary, as the case may be, and (c) upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary, as the case may be, than it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate; provided that Holdings, the Borrower or any of the Borrower's Subsidiaries may not enter into any transaction with an Affiliate thereof if the value of such transaction is greater than $1,000,000 individually and the value of all such transactions by Holdings, the Borrower and the Borrower's Subsidiaries is greater than $5,000,000 in the aggregate other than (w) Required Hedge Agreements, (x) the reasonable allocation of overhead costs and expenses incurred in the ordinary course of business consistent with the past practices of Holdings, the Borrower and the Borrower's Subsidiaries, (y) Hydrocarbon sales by Borrower to EMT or an Affiliate in the ordinary course of business consistent with past practices for each separate producing basin; provided that (I) such Hydrocarbon sale is upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary, as the case may be, than it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate and (II) the Borrower does not deliver the Hydrocarbon sold until it is paid in full in cash by EMT or such Affiliate, and (z) the assignment of Hydrocarbon sale contracts and transportation contracts from EMT to the Borrower upon fair and reasonable terms no less favorable to the Borrower than it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate.

7.11 Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by Holdings, the Borrower or any of the Borrower's Subsidiaries of Property which has been or is to be sold or transferred by Holdings, the Borrower or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such Property or rental obligations of Holdings, the Borrower or such Subsidiary.

7.12 Limitation on Changes in Fiscal Periods. Permit the fiscal year of Holdings, the Borrower or any of the Borrower's Subsidiaries to end on a day other than December 31 or change Holdings', the Borrower's or any of the Borrower's Subsidiaries' method of determining fiscal quarters, in each case, without the prior written consent of the Administrative Agent. The Lenders hereby authorize the Agents to enter into such amendments to effect such modifications, if any, in accordance with the provisions of this Section.

7.13 Limitation on Negative Pledge Clauses. Other than with respect to the Bison Entities, enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of Holdings, the Borrower or any of the Borrower's Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its Property or revenues, whether now owned or hereafter acquired, to secure the Obligations or, in the case of any guarantor, its obligations under the Guarantee and Collateral Agreement, other than (a) this Agreement and the other Loan Documents, (b) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby) and (c) any agreements in effect on the date of this Agreement.

7.14 Limitation on Restrictions on Subsidiary Distributions, Etc. Other than the Bison Entities, enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of the Borrower or any of the Borrower's Subsidiaries to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay or subordinate any Indebtedness owed to, Holdings, the Borrower or any other Subsidiary, (b) make Investments in Holdings, the Borrower or any other Subsidiary or (c) transfer any of its assets to Holdings, the Borrower or any other Subsidiary, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents and (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary.

7.15 Business Activities. The Borrower shall not, and shall not permit its Subsidiaries to, engage in any business activity other than the Oil and Gas Business. In the case of Holdings, notwithstanding anything to the contrary in this Agreement or any other Loan Document, (a) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of the Borrower, (b) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (i) nonconsensual obligations imposed by operation of law, (ii) pursuant to the Loan Documents to which it is a party and (iii) obligations with respect to its Capital Stock, or (c) own, lease, manage or otherwise operate any properties or assets (including cash (other than cash received in connection with dividends made by the Borrower in accordance with Section 7.6 pending application in the manner contemplated by said Section) and Cash Equivalents) other than the ownership of shares of Capital Stock of the Borrower.

7.16 Intercompany Indebtedness. Other than (a) as otherwise permitted by Section 7.2 or 7.6(b), (b) the loan of the net proceeds of the Term Loans (less $65,000,000) from the Borrower to Holdings on the Closing Date evidenced by that certain Intercompany Note, dated July 31, 2002, made by Holdings in favor of the Borrower, (c) the loan of the net proceeds of the Intercompany Note referred to in the foregoing clause (b) from the Holdings to Parent on the Closing Date evidenced by that certain Intercompany Note, dated July 31, 2002, made by Parent in favor of Holdings, (d) the loan of the remaining $65,000,000 of the net proceeds of the Term Loans from the Borrower to Holdings subsequent to the Closing Date evidenced by an intercompany note to be made by Holdings in favor of the Borrower in an aggregate principal amount of $65,000,000, (e) the loan of the net proceeds of the Intercompany Note referred to in the foregoing clause (d) from Holdings to Parent subsequent to the Closing Date evidenced by an intercompany note to be made by Parent in favor of Holdings in an aggregate principal amount of $65,000,000; provided that on or before the issuance of the intercompany notes referred to in the foregoing clauses (d) and (e), Parent shall have caused an irrevocable standby letter of credit in an amount equal to $65,000,000 to be issued in favor of the Administrative Agent as specified in the definition of "Borrower Liquidity Reserve" in this Agreement, and (f) with respect to the Bison Entities, at all times there shall be no net Indebtedness owed by Holdings, the Borrower and/or any of the Borrower's Subsidiaries to Parent or any of its Affiliates (other than Holdings, the Borrower or the Borrower's Subsidiaries), unless (x) no Default or Event of Default has occurred and is continuing, (y) such Indebtedness is set forth in the forward

liquidity projections delivered by Parent pursuant to Section 6.2(j) and (z) the Borrower is maintaining 100% of the Borrower Liquidity Reserve at the time of the incurrence of such Indebtedness.

7.17 Subsidiaries. Form or create any direct or indirect Subsidiary.

7.18 Limitation on Hedge Agreements and Firm Transportation Contracts. Other than the Borrower, enter into any Hedge Agreement or firm transportation contracts relating to the production of the Borrower and its Subsidiaries; provided, however, that the Borrower shall not enter into any such Hedge Agreement with a price less than $3 per mmbtu without the prior written consent of the Administrative Agent.

7.19 Partnerships and Joint Ventures. Become a general or limited partner in a partnership or a joint venturer in any joint venture that constitutes a separate legal entity, or permit Holdings, the Borrower or any of the Borrower's Subsidiaries to do so.

7.20 Holdings Negative Pledge; Limitation on Assets. Solely with respect to Holdings, (a) create, incur, assume or suffer to exist any Lien upon any of its Property or revenues, whether now owned or hereafter acquired, to secure any Indebtedness of Holdings, except for (X) Liens granted pursuant to the Loan Documents, (Y) non-consensual Liens imposed by operation of law and (Z) Liens permitted by Section 7.3(b)(iii) or (b) hold any Property other than (i) all of the Capital Stock of the Borrower, and (ii) the intercompany notes permitted by Sections 7.16(c) and (e).

SECTION 8 - EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when due in accordance with the terms hereof; or the Borrower shall fail to pay any interest on any Loan; or Parent or any Loan Party shall fail to pay any other amount payable hereunder or under any other Loan Document, within five days after any such interest or other amount becomes due in accordance with the terms hereof;

(b) Any representation or warranty made or deemed made by Parent or any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made;

(c) (i) Parent or any Loan Party shall default in the observance or performance of any agreement contained in Section 6.2(k) which default is not cured within 2 days after the occurrence thereof, clause (i) or (ii) of Section 6.4(a) (with respect to Holdings and the Borrower only), Section 6.7(a), Section 6.9, Section 6.10(a) or 6.10(d), Section 6.15(a), Section 7 or Section 5 of the Guarantee and Collateral Agreement, (ii) an "Event of Default" under and as defined in any material Mortgage shall have occurred and be continuing, (iii) Holdings, Borrower or any of its Subsidiaries shall transfer or otherwise dispose of any of its properties or assets to Parent or any of its Subsidiaries (other than the Loan Parties), except to the extent provided

for in Section 7.6 or (iv) any default or event of default shall occur under the Required Hedge Agreements which default is not cured within 3 Business Days after the occurrence thereof;

(d) Parent or any Loan Party shall default in the observance or performance of any other covenant or agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days;

(e) Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries shall (i) default in making any payment of any principal of any Indebtedness (including, without limitation, any Guarantee Obligation, but excluding the Term Loans) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $10,000,000; provided further that with respect to Parent only, a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $60,000,000

(f) (i) Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries any case, proceeding or other action seeking issuance of a warrant of

attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Parent, Holdings, the Borrower or any of the Borrower's Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan, (vi) the Borrower, any of the Borrower's Subsidiaries or any Commonly Controlled Entity shall be required to make during any fiscal year of the Borrower payments pursuant to any employee welfare benefit plan (as defined in Section 3(1) of ERISA) that provides benefits to retired employees (or their dependents) that, in the aggregate, exceed the amount set forth on Schedule 8(g)(i) with respect to such fiscal year, (vii) the Borrower, any of the Borrower's Subsidiaries or any Commonly Controlled Entity shall be required to make during any fiscal year of the Borrower contributions to any defined benefit pension plan subject to Title IV of ERISA (including any Multiemployer Plan) that, in the aggregate, exceed the amount set forth on Schedule 8(g)(ii) with respect to such fiscal year or (viii) any other similar event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (viii) above, such event or condition, together with all other such events or conditions, if any, could, in the sole judgment of the Required Lenders, reasonably be expected to have a Material Adverse Effect;

(h) One or more judgments or decrees shall be entered against Holdings, the Borrower or any of the Borrower's Subsidiaries involving for Holdings, the Borrower and the Borrower's Subsidiaries taken as a whole a liability (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) of $10,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof;

(i) Any of the Security Documents shall cease, for any reason (other than pursuant to the terms thereof), to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby;

(j) The guarantees contained in (i) Section 2 of the Guarantee and Collateral Agreement or (ii) the Corporate Guarantee, dated as of July 29, 2002 (as amended, supplemented or otherwise modified from time to time), made by Parent in favor of the Borrower in connection with the Required Hedge Agreement between the Borrower and EMT shall cease, for any reason (other than pursuant to the terms thereof), to be in full force and effect or Parent, any Loan Party or any Affiliate of Parent or any Loan Party shall so assert;

(k) Parent or any Loan Party or any Affiliate of Parent or any Loan Party shall assert that any provision of any Loan Document is not in full force and effect;

(l)(i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding common stock of Parent or Holdings; (ii) the board of directors of Parent or Holdings shall cease to consist of a majority of Continuing Directors; or (iii) Parent or Holdings shall cease to own and control, of record and beneficially, directly, 100% of each class of outstanding Capital Stock of the Borrower (other than the Class B Common Stock of the Borrower) free and clear of all Liens (except Liens created by the Guarantee and Collateral Agreement); or

(m) Parent, Holdings or the Borrower has not consummated the Company Sale referred to in Section 6.9 within 75 days of the Parent Liquidity Event giving rise to the obligation to consummate such Company Sale and if the Obligations have not been repaid in full with the net proceeds of such Company Sale;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to Parent or any Loan Party, automatically the Commitments shall immediately terminate and the Term Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents shall immediately become due and payable, and (B) if such event is any other Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Term Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable. Upon the occurrence and during the continuation of an Event of Default, the Administrative Agent and the Lenders shall be entitled to exercise any and all remedies available under the Security Documents, including, without limitation, the Guarantee and Collateral Agreement and the Mortgages, or otherwise available under applicable law or otherwise.

SECTION 9 - THE AGENTS; THE ARRANGER

9.1 Appointment. Each Lender hereby irrevocably designates and appoints the Agents as the agents of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes each Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to such Agent by the terms of this

Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the other Loan Documents, the Fee Letter and the syndication and fee sharing letter, dated July 31, 2002, among the Original Lenders, no Agent shall have any duties or responsibilities, except those expressly set forth herein or therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any Agent.

9.2 Delegation of Duties. Each Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. None of the Arranger, any Agent or any of their respective officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted solely and proximately from its or such Person's own gross negligence or willful misconduct in breach of a duty owed to the party asserting liability) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by Parent or any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Arranger or the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of Parent or any Loan Party party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of Parent or any Loan Party.

9.4 Reliance by Agents. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to Parent, Holdings or the other Loan Parties), independent accountants and other experts selected by such Agent. The Agents shall deem and treat the payee of any Term Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent as recorded in the Register. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders or the requisite Lenders required under Section 10.1 to authorize or require such action (or, if so specified by this Agreement, all

Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders or the requisite Lenders under Section 10.1 to authorize or require such action (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Term Loans.

9.5 Notice of Default. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Agent has received notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the requisite Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that none of the Arranger, the Agents or any of their respective officers, directors, employees, agents, attorneys and other advisors, partners, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Arranger or any Agent hereinafter taken, including any review of the affairs of Parent or a Loan Party or any Affiliate of Parent or a Loan Party, shall be deemed to constitute any representation or warranty by the Arranger or any Agent to any Lender. Each Lender represents to the Arranger and the Agents that it has, independently and without reliance upon the Arranger or any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition, prospects and creditworthiness of Parent or the Loan Parties and their Affiliates and made its own decision to make its Term Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Arranger or any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition, prospects and creditworthiness of Parent or the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, neither the Arranger nor any Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of Parent or any Loan Party or any Affiliate of Parent or a Loan Party that may come into the possession of the Arranger or such Agent or any of its officers, directors, employees, agents, attorneys and other advisors, partners, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify the Arranger and each Agent in its capacity as such (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of Holdings or the Borrower to do so), ratably according to their respective Term Loan Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Term Loans shall have been paid in full, ratably in accordance with such Term Loan Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (including, without limitation, at any time following the payment of the Term Loans) be imposed on, incurred by or asserted against the Arranger or such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Arranger or such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted solely and proximately from the Arranger's or such Agent's gross negligence or willful misconduct in breach of a duty owed to such Lender. The agreements in this Section 9.7 shall survive the payment of the Term Loans and all other amounts payable hereunder.

9.8 Arranger and Agents in Their Individual Capacities. The Arranger and each Agent and their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with Parent or any Loan Party as though the Arranger was not the Arranger and such Agent was not an Agent. With respect to its Term Loans made or renewed by it, the Arranger and each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Arranger or an Agent, as the case may be, and the terms "Lender" and "Lenders" shall include the Arranger and each Agent in their respective individual capacities.

9.9 Successor Agents. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Term Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the

Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. The Syndication Agent may, at any time, by notice to the Lenders and the Administrative Agent, resign as Syndication Agent hereunder, whereupon the duties, rights, obligations and responsibilities of the Syndication Agent hereunder shall automatically be assumed by, and inure to the benefit of, the Administrative Agent, without any further act by the Arranger, the Syndication Agent, the Administrative Agent or any Lender. After any retiring Agent's resignation as Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement and the other Loan Documents.

9.10 Authorization to Release Liens. The Administrative Agent is hereby irrevocably authorized by each of the Lenders to release any Lien covering any Property of the Borrower or any of the Borrower's Subsidiaries that is the subject of a Disposition which is permitted by this Agreement or which has been consented to in accordance with Section 10.1.

9.11 The Arranger. The Arranger, in its capacity as such, shall have no duties or responsibilities, and shall incur no liability, under this Agreement and the other Term Loan Documents.

(a) To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the forms or other documentation required by Section 2.20(f) are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to any Lender not providing such forms or other documentation, an amount equivalent to the applicable withholding tax.

(b) If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

(c) If any Lender sells, assigns, grants a participation in, or otherwise transfers its rights under this Agreement, the purchaser, assignee, participant or transferee, as applicable, shall comply and be bound by the terms of Sections 2.20(f) and 9.12.

SECTION 10 - MISCELLANEOUS

10.1 Amendments and Waivers. Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and Parent and/or each Loan Party party to the relevant Loan Document may, or (with the written consent of the Required Lenders) the Agents and Parent and/or each Loan Party party to the relevant

Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents (including amendments and restatements hereof or thereof) for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or Parent and the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as may be specified in the instrument of waiver, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive or reduce the principal amount or extend the final scheduled date of maturity of any Term Loan, extend the scheduled date of any amortization payment in respect of any Term Loan, reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, in each case without the consent of each Lender directly affected thereby; (ii) amend, modify or waive any provision of this Section or reduce any percentage specified in the definition of Required Lenders or Required Lenders, consent to the assignment or transfer by Parent or any Loan Party of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all of the Subsidiary Guarantors from their guarantee obligations under the Guarantee and Collateral Agreement, in each case without the consent of all Lenders; (iii) reduce the percentage specified in the definition of Required Lenders with respect to the Facility without the written consent of all Lenders under such Facility; (iv) amend, modify or waive any provision of Section 9 without the consent of the Arranger or any Agent directly affected thereby; or (v) amend, modify or waive any provision of Section 2.12 or Section 2.18 without the consent of each Lender directly affected thereby. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon Parent and the Loan Parties, the Lenders, the Agents, the Arranger and all future holders of the Term Loans. In the case of any waiver, Parent, the Loan Parties, the Lenders, the Arranger and the Agents shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. Any such waiver, amendment, supplement or modification shall be effected by a written instrument signed by the parties required to sign pursuant to the foregoing provisions of this Section; provided that delivery of an executed signature page of any such instrument by facsimile transmission shall be effective as delivery of a manually executed counterpart thereof. Notwithstanding anything in this Agreement or the other Loan Documents to the contrary, the Administrative Agent shall be authorized to release the Mortgages on the Oil and Gas Properties permitted to be sold, exchanged or traded under Section 7.5(e), (f) or (g) of this Agreement without any further action by the Lenders.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed (a) in the case of Holdings, the Borrower, the Arranger and the Agents, as follows and (b) in the case of the Lenders, as set forth on Schedule I to the Lender Addendum to which such Lender is a party or, in the case of a Lender which becomes a party to this Agreement pursuant to an Assignment and Acceptance, in such Assignment and

Acceptance or (c) in the case of any party, to such other address as such party may hereafter notify to the other parties hereto:

Parent:	The Williams Companies, Inc. One Williams Center Suite 4100 Tulsa, Oklahoma 74172 Attention: Legal Department Telecopy: (918) 573-4503
Holdings:	Williams Production Holdings LLC One Williams Center Suite 4100 Tulsa, Oklahoma 74172 Attention: Legal Department Telecopy: (918) 573-4503
The Borrower:	Williams Production RMT Company One Williams Center Suite 4100 Tulsa, Oklahoma 74172 Attention: Legal Department Telecopy: (918) 573-4503
The Syndication Agent:	Lehman Commercial Paper Inc. 745 Seventh Avenue New York, New York 10019 Attention: Francis Chang Telecopy: (212) 526-0242 Telephone: (212) 526-5390
with a copy to:	Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 Attention: Jeremy W. Dickens Telecopy: (212) 310-8007 Telephone: (212) 310-8753
The Administrative Agent:	Lehman Commercial Paper Inc. 745 Seventh Avenue New York, New York 10019 Attention: Francis Chang/Diane Albanese Telecopy: (212) 526-0242/(212) 526-6643 Telephone: (212) 526-5390/(212) 526-4979

with a copy to:	Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 Attention: Jeremy W. Dickens Telecopy: (212) 310-8007 Telephone: (212) 310-8753
The Arranger:	Lehman Brothers Inc. 745 Seventh Avenue New York, New York 10019 Attention: Francis Chang Telecopy: (212) 526-0242 Telephone: (212) 526-5390
with a copy to:	Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 Attention: Jeremy W. Dickens Telecopy: (212) 310-8007 Telephone: (212) 310-8753

; provided that any notice, request or demand to or upon any Agent or any Lender shall not be effective until received.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Arranger, any Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Term Loans and other extensions of credit hereunder.

10.5 Payment of Expenses. The Borrower agrees (a) to pay or reimburse the Arranger, the Agents and the Lenders for all their reasonable out-of-pocket costs and expenses incurred in connection with the syndication of the Facility (other than fees payable to syndicate members) and the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements and other charges of counsel and other consultants to each of the Arranger, the Administrative Agent, the Original Lenders and the

Syndication Agent and the charges of IntraLinks, (b) to pay or reimburse each Lender, the Arranger and each Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including, without limitation, the fees and disbursements of counsel (including the allocated fees and disbursements and other charges of in-house counsel) to each Lender and of counsel to the Arranger and each Agent and the charges of IntraLinks, (c) to pay, indemnify, and hold each Lender, the Arranger and the Agents harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender, the Arranger, each Agent, their respective Affiliates, and their respective officers, directors, partners, trustees, employees, affiliates, shareholders, attorneys and other advisors, agents, attorneys-in-fact and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to or arising out of the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including, without limitation, any of the foregoing relating to the use of proceeds of the Term Loans, the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Loan Party or any of the Properties or the use by unauthorized persons of information or other materials sent through electronic, telecommunications or other information transmission systems that are intercepted by such persons and the fees and disbursements and other charges of legal counsel in connection with claims, actions or proceedings by any Indemnitee against the Borrower hereunder (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"); provided that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted solely and proximately from the gross negligence or willful misconduct of such Indemnitee in breach of a duty owed to the Borrower. Without limiting the foregoing, and to the extent permitted by applicable law, each of Holdings and the Borrower agrees not to assert, and the Borrower agrees to cause its Subsidiaries not to assert, and each of Holdings and the Borrower hereby waives, and the Borrower agrees to cause the its Subsidiaries so to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section shall be payable not later than five days after written demand therefor. Statements payable by the Borrower pursuant to this Section shall be submitted to the Borrower in accordance with Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section shall survive repayment of the Term Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of Parent, Holdings, the Borrower, the Lenders, the Arranger, the Agents, all future holders of the Term Loans and their respective successors and assigns, except that none of Parent, Holdings or the Borrower may assign or transfer any of their respective rights or obligations under this Agreement without the prior written consent of the Arranger, the Agents and each Lender.

(b) Any Lender may, without the consent of the Borrower or any other Person, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "Participant") participating interests in any Term Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Term Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower, the Arranger and the Agents shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by Parent or any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Term Loans or any fees payable hereunder, or postpone the date of the final maturity of the Term Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Term Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.19, 2.20 and 2.21 with respect to its participation in the Commitments and the Term Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.20, such Participant shall have complied with the requirements of said Section and provided further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender (an "Assignor") may, in accordance with applicable law and upon written notice to the Syndication Agent, at any time and from time to time assign to any Lender any affiliate thereof or Affiliated Fund of the assigning Lender or of another Lender or, with the consent of the Borrower and the Agents (which, in each case, shall not be unreasonably withheld or delayed) (provided that (x) no such consent need be obtained by a Lehman Entity for a period of 180 days following the Closing Date and (y) the consent of the Borrower need not be

obtained with respect to any assignment of Term Loans), to an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement pursuant to an Assignment and Acceptance, substantially in the form of Exhibit E (an "Assignment and Acceptance"), executed by such Assignee and such Assignor (and, where the consent of the Borrower or the Agents is required pursuant to the foregoing provisions, by the Borrower and such other Persons) and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that no such assignment to an Assignee (other than any Lender or any affiliate thereof or Affiliated Fund) shall be in an aggregate principal amount of less than $10,000,000, unless otherwise agreed by the Borrower, the Syndication Agent and the Administrative Agent. Any such assignment need not be ratable as among the Facility. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with Term Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding any provision of this Section, the consent of the Borrower shall not be required for any assignment that occurs at any time when any Event of Default shall have occurred and be continuing.

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the principal amount of, and interest accrued on, the Term Loans owing to each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Term Loans and any Term Notes evidencing such Term Loans recorded therein for all purposes of this Agreement. Any assignment of any Term Loan, whether or not evidenced by a Term Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Term Note shall expressly so provide). Any assignment or transfer of all or part of a Term Loan evidenced by a Term Note shall be registered on the Register only upon surrender for registration of assignment or transfer of the Term Note evidencing such Term Loan, accompanied by a duly executed Assignment and Acceptance; thereupon one or more new Term Notes in the same aggregate principal amount shall be issued to the designated Assignee, and the old Term Notes shall be returned by the Administrative Agent to the Borrower marked "canceled". The Register shall be available for inspection by the Borrower or any Lender (with respect to any entry relating to such Lender's Term Loans) at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor and an Assignee (and, in any case where the consent of any other Person is required by Section 10.6(c), by each such other Person) together with payment to the Administrative Agent of a registration and processing fee of $3,500 (except that no such registration and processing fee shall be payable (y) in connection with an assignment by or to an Original Lender) or (z) in the case

of an Assignee which is already a Lender or is an affiliate of a Lender or an Affiliated Fund), the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) on the effective date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Borrower. On or prior to such effective date, the Borrower, at its own expense, upon request, shall execute and deliver to the Administrative Agent (in exchange for the applicable Term Notes, as the case may be, of the assigning Lender) new applicable Term Notes to such Assignee or its registered assigns in an amount equal to the applicable Term Loans, assumed or acquired by it pursuant to such Assignment and Acceptance and, if the Assignor has retained Term Loans, upon request, new Term Notes, to the Assignor or its registered assigns in an amount equal to the applicable Term Loans, as the case may be, retained by it hereunder. Such new Term Note or Term Notes shall be dated the Closing Date and shall otherwise be in the form of the Term Note or Term Notes replaced thereby.

(e) For the avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section concerning assignments of Term Loans and Term Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Lender of any Term Loan or Term Note to any Federal Reserve Bank in accordance with applicable law.

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement provides for payments to be allocated to a particular Lender or to the Lenders, if any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Obligations, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Obligations, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to Holdings or the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees to notify promptly the Borrower and the Administrative Agent after any such setoff and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

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

10.10 Integration. This Agreement and the other Loan Documents represent the agreement of Parent, Holdings, the Borrower, the Agents, the Arranger and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Arranger, any Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12 Submission To Jurisdiction; Waivers. Each of Parent, Holdings and the Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its Property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Parent, Holdings or the Borrower, as the case may be, at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13 Suretyship Waivers. Each of Holdings and the Borrower hereby waives any and all defenses applicable or available to guarantors or sureties whether arising as a result of the joint and several nature of the obligations of Parent, Holdings and the Borrower hereunder or otherwise. Without limiting the generality of the foregoing, the waivers of the Guarantors (as defined in the Guarantee and Collateral Agreement) set forth in Section 2.5 of the Guarantee and Collateral Agreement are hereby incorporated herein by this reference mutatis mutandis and such waivers shall be deemed to be made by Parent, Holdings and the Borrower hereunder as if such waivers had been expressly set forth herein.

10.14 Acknowledgments. Each of Parent, Holdings and the Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Arranger, any Agent nor any Lender has any fiduciary relationship with or duty to Parent, Holdings or the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Arranger, the Agents and Lenders, on one hand, and Parent, Holdings and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Arranger, the Agents and the Lenders or among Parent, Holdings, the Borrower and the Lenders.

10.15 Confidentiality. Each of the Arranger, the Agents and the Lenders agrees to keep confidential all non-public information provided to it by Parent or any Loan Party pursuant to this Agreement that is designated by Parent or such Loan Party as confidential; provided that nothing herein shall prevent the Arranger, any Agent or any Lender from disclosing any such information (a) to the Arranger, any Agent, any other Lender or any affiliate of any thereof, (b) to any Participant or Assignee (each, a "Transferee") or prospective Transferee that agrees to comply with the provisions of this Section, (c) to any of its employees, directors, agents, attorneys, accountants and other professional advisors, (d) upon the request or demand of any Governmental Authority having jurisdiction over it, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed other than in breach of this Section, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document.

10.16 Release of Collateral and Guarantee Obligations. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, upon request of the Borrower in connection with any Disposition of Property permitted by the Loan Documents, the Administrative Agent shall take such actions as shall be required to release its security interest in any Collateral being Disposed of in such Disposition, and to release any guarantee obligations of any Person being Disposed of in such Disposition, to the extent necessary to permit consummation of such Disposition in accordance with the Loan Documents; provided that the Borrower shall have delivered to the Administrative Agent, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Collateral being Disposed of in such Disposition and the terms of such Disposition in reasonable detail, including the date thereof, the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents and that the proceeds of such Disposition will be applied in accordance with this Agreement and the other Loan Documents.

(b) Notwithstanding anything to the contrary contained herein or any other Loan Document, when all Obligations have been paid in full, upon request of the Borrower, the Administrative Agent shall take such actions as shall be required to release its security interest in all Collateral, and to release all guarantee obligations provided for in any Loan Document.

10.17 Accounting Changes. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then Parent, Holdings, the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Borrower's Subsidiaries' financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by Parent, Holdings, the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required or permitted by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

10.18 Delivery of Lender Addenda. Each initial Lender shall become a party to this Agreement by delivering to the Administrative Agent and the Syndication Agent a Lender Addendum duly executed by such Lender, Parent, Holdings, the Borrower and each Agent.

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

10.20 WAIVERS OF JURY TRIAL. PARENT, HOLDINGS, THE BORROWER, THE ARRANGER, THE AGENTS AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

[SIGNATURE PAGES FOLLOW]

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

THE WILLIAMS COMPANIES, INC.

By:

Name:
Title:

WILLIAMS PRODUCTION HOLDINGS LLC

By:

Name:
Title:

WILLIAMS PRODUCTION RMT COMPANY

By:

Name:
Title:

LEHMAN BROTHERS INC.,
as Arranger

By:

Name:
Title:

[SIGNATURE PAGE TO CREDIT AGREEMENT]

LEHMAN COMMERCIAL PAPER INC., as
Syndication Agent

By:

Name:
Title:

LEHMAN COMMERCIAL PAPER INC., as
Administrative Agent

By:

Name:
Title:

[SIGNATURE PAGE TO CREDIT AGREEMENT]

EXECUTION COPY

Exhibit 10.2

FIRST AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of October 31, 2002

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

JPMORGAN CHASE BANK

and

COMMERZBANK AG

as Co-Syndication Agents

and

CREDIT LYONNAIS NEW YORK BRANCH

as Documentation Agent

and

CITICORP USA, INC.

as Agent

and

SALOMON SMITH BARNEY INC.

as Arranger

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FIRST AMENDED AND RESTATED CREDIT AGREEMENT

This First Amended and Restated Credit Agreement, dated as of October 31, 2002 is by and among the Borrowers, the Co-Syndication Agents, the Documentation Agent, the Agent and the Banks (amending and restating the Credit Agreement dated as of July 25, 2000 (the "Existing Credit Agreement"), as amended by a letter agreement dated as of October 10, 2000, by a Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, by a Second Amendment to Credit Agreement dated as of February 7, 2002, by a Third Amendment to Credit Agreement dated as of March 11, 2002, by a Consent and Fourth Amendment to Credit Agreement dated as of July 31, 2002 and by a Consent and Waiver to the Credit Agreement dated as of September 20, 2002). 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 have requested that the Existing Credit Agreement be amended as provided herein and to continue 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 have agreed to amend and restate the Existing Credit Agreement on the terms and conditions as provided herein and are willing, on the terms and subject to the conditions hereinafter set forth (including Article III), to continue 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 have agreed to amend and restate the Existing Credit Agreement and the Existing Credit Agreement is hereby amended and restated 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.

"Acceptable Security Interest" in any property shall mean a Lien granted pursuant to a Credit Document (a) which exists in favor of the Collateral Trustee for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement, (b) which is superior to all other Liens, except Permitted Liens, (c) which secures the "Secured Obligations" (as defined in the Security Agreement), and (d) which is perfected and is enforceable by the Collateral Trustee for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement, against all other Persons in preference to any rights of any such other Person therein (other than Permitted Liens); provided that such Lien may be subject to the Agreed Exceptions.

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

"Agent" means CUSA in its capacity as agent pursuant to Article VII hereof and any successor Agent pursuant to Section 7.06.

"Agreed Exceptions" means exceptions to title to be set forth in the "Mortgage" (as defined in the L/C Agreement) that are customary in similar mortgages, do not materially detract from the value of the assets covered thereby, do not secure Debt and arise in the ordinary course of business.

"Agreement" means this Credit Agreement, dated as of October 31, 2002, among the Borrowers, the Agent and the Banks, as amended, amended and restated, 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 or Base Rate Advance to any Borrower, the rate per annum set forth in the applicable table on Schedule XI under the heading "Applicable Margin" for the relevant Rating Category

applicable to TWC. The Applicable Margin determined pursuant to this definition for any Eurodollar Rate Advance or Base Rate Advance, as applicable, shall change when and as the relevant Rating Category applicable to TWC changes.

"Arctic Fox" has the meaning specified in the definition of "Arctic Fox Capital Contribution".

"Arctic Fox Capital Contribution" means the transfer of the Equity Interests of Williams Energy (Canada), Inc. from Williams GmbH, in the form of a dividend, up through certain other Subsidiaries, to TWC, and by TWC in the form of a capital contribution to Arctic Fox Assets, L.L.C. ("Arctic Fox") as required by, and in accordance with, Amendment No. 3 to Certain Operative Documents and Consents dated as of October 31, 2002, among, inter alia, TWC and Arctic Fox.

"Arranger" means Salomon Smith Barney Inc.

"Asset" or "property" (in each case, whether or not capitalized) means any right, title or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"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 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 Section 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).

"Barrett" means, collectively, RMT and its Subsidiaries.

"Barrett Loan" means the loans made pursuant to the Barrett Loan Agreement.

"Barrett Loan Agreement" means the Credit Agreement, dated as of July 31, 2002, among TWC, RMT LLC, RMT, the Lenders party thereto from time to time, Lehman Brothers Inc., as Arranger, and Lehman Commercial Paper Inc., as Syndication Agent and as Administrative Agent and the Loan Documents (as defined therein).

"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 Section 2.06(a).

"Bio-Energy" means Williams Bio-Energy, L.L.C, Williams Ethanol Services, Inc., and Nebraska Energy, L.L.C.

"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.

"Business Entity" means a partnership, limited partnership, limited liability partnership, corporation (including a business trust), limited liability company, unlimited liability company, joint stock company trust, unincorporated association, joint venture or other entity.

"California Proceedings" means the proceedings with or in the State of California, as described in more detail on the Form 10-Q for the quarterly period ended June 30, 2002, filed by the Borrower with the Securities and Exchange Commission on August 14, 2002.

"Capital Lease" means a lease that in accordance with generally acceptable accounting principles must be reflected on a company's balance sheet as an asset and corresponding liability.

"Cardinal Pipeline System" means that intrastate natural gas pipeline system doing business under that name located in the State of North Carolina, in which TWC indirectly owned a 45% interest on July 31, 2002.

"Cash Collateralize" has the meaning specified in Section 1.1 of the L/C Agreement.

"Cash Equivalents" means any of the following, to the extent owned by a Borrower or any of its Subsidiaries free and clear of all Liens other than Permitted Liens and having a maturity of not greater than 270 days from the date of acquisition thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that is a Bank or a member of the Federal Reserve System, issues (or the parent of which issues) commercial paper rated as described in clause (c) below, is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least $1 billion or (c) commercial paper in an aggregate amount of no more than $500,000,000, per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Cash Flow" means, for any period, the Consolidated cash flow from operations of a Borrower and its Consolidated Subsidiaries for such period determined in accordance with generally accepted accounting principles; provided that in determining such Consolidated cash flow from operations, there shall be excluded therefrom (to the extent otherwise included therein) (a) any positive cash flow from operations of any Person (including Project Financing Subsidiaries) subject to any restriction prohibiting the distribution of cash to such Borrower or any of its Consolidated Subsidiaries, except and then only to the extent of the amount thereof that such Borrower or any of its Consolidated Subsidiaries actually receives or has the right to receive (within the limits of such restrictions) during such period, (b) proceeds resulting from the sale, transfer or other disposition of any property by such Borrower or its Consolidated Subsidiaries (other than sales, transfers and other dispositions in the ordinary course of business), (c) all other extraordinary items, (d) any item constituting the cumulative effect of a change in accounting principles, prior to applicable income taxes, (e) repayment of the WCG Synthetic Lease and (f) for the third Fiscal Quarter of 2002 only, margin and capital or adequate assurances relating to its refining and marketing and EMT.

"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.

"Castle" means Castle Associates, L.P., a Delaware partnership.

"Castle Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Castle Associates L.P., dated as of December 23, 1998, by and among Garrison, L.L.C., a Delaware limited liability company, Laughton, L.L.C., a Delaware limited liability company, and Colchester LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Castle Transaction" means the purchase by TWC of the limited partnership interest in Castle held by Colchester LLC, a Delaware limited liability company.

"Chase" means JPMorgan Chase 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.

"Collateral" means all personal and real property comprising the Midstream Assets of TWC, each Guarantor and each of the Midstream Subsidiaries (but excluding agreements that make up the Trading Book to the extent relating to contracts to which EMT is a party) whether now owned or hereafter acquired and all other property subject to a Lien for the benefit of the Banks in accordance with the terms of any Credit Document; provided that no real or personal property of RMT LLC or its Subsidiaries (including without limitation the RMT Equity Interests) or real or personal property of WGPC shall be included as "Collateral"; provided with respect to oil of Williams Alaska Petroleum, Inc. ("WAPI") that is transported through the Trans-Alaska Pipeline System, the security interest in such oil shall attach only at the time such oil is delivered to WAPI through the Trans-Alaska Pipeline System at the outlet flange measuring device located at North Pole, Alaska.

"Collateral Account" means a deposit account of TWC which meets each of the following requirements: (i) with a commercial banking institution that is a member of the Federal Reserve System, has its short-term deposits rated A- or higher by Moody's or S&P and has a combined capital, surplus and undivided profits of not less than $1,000,000,000, (ii) over which TWC has no control, (iii) in which an Acceptable Security Interest exists, (iv) as to which (if not held with the Collateral Agent) TWC has complied with Sections 3.1 and 3.6 of the Security Agreement, and (v) deposits in which, if invested, may be invested only in those investments permitted under Sections 5.02(e) and (o).

"Collateral Agent" means CUSA in its capacity as "Collateral Agent" pursuant to the L/C Collateral Documents and Article VIII of the L/C Agreement, and any successor in such capacity pursuant to Section 8.14 of the L/C Agreement.

"Collateral Trust Agreement" means that certain Collateral Trust Agreement dated as of July 31, 2002 by and among the TWC, several of its Subsidiaries and the Collateral Trustee, which Collateral Trust Agreement provides for certain Collateral to be

held by such Collateral Trustee for the benefit of the Banks and agents under this Agreement, the lenders, Issuing Banks and agents under the L/C Agreement and the holders of certain public debt of TWC issued pursuant to that certain (i) Indenture between MAPCO Inc., as Issuer, and Bankers Trust Company, as Trustee dated March 31, 1990 and (ii) Indenture between Transco Energy Company, as Issuer, and Bankers Trust Company, as Trustee dated May 1, 1990.

"Collateral Trustee" means Citibank in its capacity as "Collateral Trustee" pursuant to the Collateral Trust Agreement and its successors or assigns appointed pursuant to Article 5 of the Collateral Trust Agreement.

"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 consolidated subsidiaries in accordance with generally accepted accounting principles.

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Consolidated 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 for the Consolidated Subsidiaries of TWC described in clauses (i) through (v), (vii) and (viii) of the definition of "Designated Minority Interests" below exceed $136,892,000 in the aggregate for the purposes of this definition. As used in this definition, "Designated Minority Interests" means, as of any date of determination, the total value, determined in accordance with generally accepted accounting principles, of the minority interests of Persons other than the Borrower and Consolidated Subsidiaries of the Borrower in the following Subsidiaries of the Borrower: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, (vi) the Midstream Asset MLP, (vii) Apco Argentina, Inc. and (viii) other Subsidiaries with a value not to exceed in the aggregate $9,000,000 for such other Subsidiaries not referred to in items (i) through (vii); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests".

"Consolidated Subsidiaries" of any Person means all other Persons the financial statements of which are consolidated with those of such Person in accordance with generally accepted accounting principles. For the avoidance of doubt, as of the date of

this Agreement, the MLP and its Subsidiaries shall be "Consolidated Subsidiaries" of TWC.

"Consolidated Tangible Net Worth" of any Person means the Tangible Net Worth of such Person and its Consolidated 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.

"Contractual Obligation" means as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"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 Documents" means this Agreement, the L/C Agreement, the L/C Collateral Documents, the Letter of Credit Documents, each Letter of Credit, all documents, instruments, agreements, certificates and notices at any time executed and/or delivered to the Agent, the Collateral Trustee, the Surety Administrative Agent, any Issuing Bank, or any Bank in connection therewith.

"Credit Lyonnais" means Credit Lyonnais New York Branch.

"CUSA" means Citicorp USA, Inc.

"Debt" means, in the case of any Person, the principal or equivalent amount (without duplication) of (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (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) obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) payments necessary to exercise a purchase option with respect to the property used by such Person and encumbered by a Synthetic Lease with such Person as lessee, excluding any portion of such amount representing accrued interest, transfer taxes or other ancillary items, (vi) obligations of such Person under any Financing Transaction, (vii) indebtedness incurred after July 31, 2002 of the Subsidiaries of such Person, and

indebtedness incurred after the date of this Agreement of any other entity that has been created or utilized, directly or indirectly, for financing purposes of such Person or any of its Subsidiaries, (viii) 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 (vii) of this definition, (ix) indebtedness or obligations of others of the kinds referred to in clauses (i) through (viii) of this definition secured by any Lien on or in respect of any property of such Person and (x) any Attributable Obligations of such Person; provided, however, that Debt shall not include (v) any obligations of TWC or its Subsidiaries in respect of the WCG Note Trust Bonds; (w) any obligations of TWC in respect of the FELINE PACS; (x) Non-Recourse Debt; (y) Performance Guaranties, (z) monetary obligations or guaranties of monetary obligations of Persons as lessee under leases (other than, to the extent provided herein above, Synthetic Leases) that are, in accordance with generally accepted accounting principles, recorded as operating leases and (aa) guarantees by such Person of obligations of others which are not obligations described in clauses (i) through (x) of this definition, and provided further that where any such indebtedness or obligation of such Person is made jointly, or jointly and severally, with any third party or parties other than any Subsidiary of such Person, the amount thereof for the purpose of this definition only shall be the pro rata portion thereof payable by such Person, so long as such third party or parties have not defaulted on its or their joint and several portions thereof and can reasonably be expected to perform its or their obligations thereunder. For the avoidance of doubt, "Debt" shall not include the Letters of Credit.

"Deepwater Assets" shall have the meaning given such term in Item 8 of Schedule VII hereto.

"Deepwater JV" means any Person to whom any Deepwater Assets have been transferred in connection with the formation of such Person and in which TWC or any of its Subsidiaries has retained an Equity Interest.

"Deepwater Transactions" means, collectively, the transactions consummated in connection with (i) that certain Second Amended and Restated Participation Agreement dated January 28, 2002 by and among Williams Field Services - Gulf Coast Company, L.P., as Lessee, Williams Field Services Company, as Construction Agent, TWC, as Guarantor, Wells Fargo Bank Northwest, National Association, (fka First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor to First Security Trust Company of Nevada), as Collateral Agent, the Certificate Holders, Hatteras Funding Corporation, as CP Lender, the Facility Lenders, Bank of America, National Association, as Administrative Agent and Administrator, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent and/or (ii) that certain Second Amended and Restated Participation Agreement dated January 28, 2002 by and among Williams Oil Gathering, L.L.C., as Lessee, Williams Field Services Company, as Construction Agent, TWC, as Guarantor, Wells Fargo Bank Northwest, National Association, (fka First Security Bank, National Association), as Certificate Trustee, Wells

Fargo Bank Nevada, N.A., (successor to First Security Trust Company of Nevada), as Collateral Agent, the Certificate Holders, Hatteras Funding Corporation, as CP Lender, the Facility Lenders, Bank of America, National Association, as Administrative Agent and Administrator, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent.

"Designated Midstream Subsidiaries" means Nebraska Energy; Rio Grande Pipeline Company; Baton Rouge Fractionators, L.L.C; Williams Lynxs Alaska CargoPort, L.L.C.; Tri-States NGL Pipeline, L.L.C.; WILPRISE Pipeline Company, L.L.C.; Williams Alaska Air Cargo Properties, L.L.C.; WilJet, L.L.C.; Longhorn Partners GP, L.L.C.; Longhorn Partners Pipeline, L.P.; Mapletree, LLC; E-Birchtree, LLC; E-Oaktree, LLC; and NewGP.

"Designated Minority Interests" has the meaning specified in the definition of "Consolidated Net Worth".

"Designating Bank" has the meaning specified in Section 8.06(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 8.06(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.

"EMT" means Williams Energy Marketing & Trading Company.

"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 Permits" mean any and all material permits, licenses, registrations, exemptions and any other authorization required under any Environmental Protection Statutes.

"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.

"Equity Interests" means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature.

"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.

"Excess Amount" has the meaning specified in Section 2.04(c).

"Excluded Collateral" means (i) all property owned by RMT LLC or its Subsidiaries (including without limitation the RMT Equity Interests), WGPC and the Designated Midstream Subsidiaries, (ii) subject to Section 5.01(f), all personal and real property owned by the Restricted Midstream Subsidiaries, (iii) the Excluded Equity Interests, (iv) except to the extent currently subject to an Acceptable Security Interest, the Refineries (subject to the requirements set forth in Section 5.01(e)), (v) the Mapco Office Building, (vi) the agreements that make up the Trading Book but only to the extent relating to contracts to which EMT is a party and (vii) any property of Williams Field Services Company to the extent such property constitutes Leased Property (as such term is defined on even date herewith in the Deepwater Transactions).

"Excluded Equity Interests" means (i) the Equity Interests in each of the Designated Midstream Subsidiaries (other than the Equity Interests of NewGP held by Williams Energy Services, LLC and Williams Natural Gas Liquids, Inc.); provided, however, as to each Designated Midstream Subsidiary, at such time as TWC or any of its Subsidiaries obtain the consents provided for in Paragraph 13 of Schedule XIII the Equity Interest of such Designated Midstream Subsidiary shall cease to be an "Excluded Equity Interest" and (ii) subject to Section 5.01(f), the Equity Interest in each of the Restricted Midstream Subsidiaries.

"Existing Credit Agreement" has the meaning specified in the preliminary statements of this Agreement.

"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.

"FELINE PACS" means those certain units, as described in TWC's prospectus supplement dated January 7, 2002, issued by TWC in January, 2002 in an aggregate face amount of $1,100,000,000.

"Financing Transaction" means, with respect to any Person, any individual or group of related Persons (i) prepaid forward sales of oil, gas, minerals or other assets by such Person, (ii) interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives or (iii) sales or transfers of assets, the primary effect of which or an important purpose of which is to receive money or credit in advance coupled with an obligation to repay or perform in the future to effect repayment thereof, including any contract monetization or production payment. Notwithstanding the foregoing, the following transactions, if entered into in the ordinary course of business by any Borrower or any of its affiliates and otherwise permitted hereunder, shall be deemed not to be Financing Transactions: (a) sales or exchanges of property fully delivered within 90 days of receipt of the first payment by a counterparty therefor, (b) interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives (including prepayment of forward sales of property to a counterparty of any Borrower or any of its affiliates to hedge against risks in the ordinary course of business, provided that the forward delivery obligation with respect to the property sold must be fully performed within 120 days), and (c) "riskless" forward sales or exchanges of property whereby a third party guarantees the performance obligations of any Borrower or any of its affiliates to deliver such property without subrogation or other recourse against any Borrower or any of its affiliates by any party to the transaction. The term "contract monetization" as used in this definition means the acceleration of cash flows a contract party expects to receive from such contract pursuant to which the contract party retains a significant ongoing obligation to perform, but shall in any event exclude transactions commonly referred to as securitizations. The term "production payment" as used in this definition means a limited-term non-cost bearing right to receive produced hydrocarbons or the proceeds therefrom satisfiable in cash or in kind up to an aggregate defined amount of cash and/or hydrocarbons.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2002 Fiscal Year") refer to the Fiscal Year ending on December 31 of such calendar year.

"Fitch" means Fitch, Inc.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"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.

"Guaranties" means, collectively the LLC Guaranty, the Midstream Guaranty and the Holdings Guaranty.

"Guarantor" and "Guarantors" means, individually and collectively, as applicable, RMT LLC, WGPC, EMT and each of the Midstream Subsidiaries.

"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).

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging obligations.

"Holdings Guaranty" means that certain guaranty executed by RMT LLC in substantially the form of Exhibit K hereto as amended, supplemented or modified from time to time.

"Hydrocarbons" (whether or not capitalized) means oil, gas, casinghead gas, condensate, distillate, and liquid hydrocarbons.

"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 Expense" means, for any period, the gross interest expense (determined in accordance with generally accepted accounting principles) of a Borrower and its Consolidated Subsidiaries accrued for such period, including that attributable to the capitalized amount of obligations owing under Capital Leases, all debt discount

amortized in such period and all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, net of interest income (determined in accordance with generally accepted accounting principles) of a Borrower and its Consolidated Subsidiaries, but excluding such interest expense, debt discount, commissions, discounts and other fees and charges and interest income to the extent attributable to the Non-Recourse Debt of Project Financing Subsidiaries; provided that, interest expense incurred in connection with the WCG Note Trust Bonds shall be excluded from this definition.

"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.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any

capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (viii) or (ix) of the definition of "Debt" in respect of such Person.

"Issuing Banks" means Citibank and Bank of America N.A. in their capacity as issuers of Letters of Credit.

"L/C Agreement" means that certain Amended and Restated Credit Agreement dated as of October 31, 2002 among TWC as "Borrower," the "Agent," "Collateral Agent," "Syndication Agent," "Issuing Banks," the "Arranger," and those certain financial institutions party thereto as "Banks" (as the same may from time to time be further amended, supplemented, restated or otherwise modified.

"L/C Collateral Documents" means the "Security Documents" as defined in the L/C Agreement.

"L/C Facility" means the letter of credit facility under the L/C Agreement.

"Legacy L/Cs" means those outstanding letters of credit as of July 31, 2002 as set forth on Schedule XII, to the extent such letters of credit have not been fully cash collateralized.

"Letter of Credit Commitment" has the meaning specified in Section 1.1 of the L/C Agreement.

"Letter of Credit Documents" means, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations, each as the same may be modified and supplemented and in effect from time to time.

"Letters of Credit" has the meaning specified in Section 1.1 of the L/C Agreement.

"Lien" means any mortgage, lien, pledge, charge, deed of trust, security interest, encumbrance or other analogous type of preferential arrangement to secure or provide for the payment of any Debt, trade payable, obligation or other liability 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).

"LLC Guaranty" means that certain guaranty executed by WGPC in substantially the form of Exhibit H hereto, as amended, supplemented or modified from time to time.

"Major Subsidiary" means any Subsidiary of a Borrower with assets having a book value of $1,000,000,000 or more.

"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.

"Mapco Office Building" means the real property, improvements and related office equipment located at 1801 South Baltimore Avenue, Tulsa, Oklahoma.

"MAPL" means Mid-America Pipeline Company, LLC, a Delaware limited liability company.

"MAPL Asset Disposition" means the sale, transfer or other distribution of the Equity Interests in or Assets of MAPL and Mapletree, LLC.

"Material Subsidiary" means (i) each Major Subsidiary and each other Subsidiary of a Borrower (other than a Project Financing Subsidiary) that itself (on an unconsolidated, stand alone basis) owns in excess of 5% of the book value of the Consolidated assets of a Borrower and its Consolidated Subsidiaries, (ii) each of TGPL, TGT and NWP and (iii) each Subsidiary that owns any direct or indirect interest in TGPL, TGT and NWP.

"Midstream Asset MLP" means one or more master limited partnerships included in the Consolidated financial statements of TWC to which TWC has transferred or shall transfer certain assets relating to the Midstream Business as well as certain marine and inland terminals and related pipeline systems, including MLP.

"Midstream Assets" means all assets now owned or hereafter acquired by TWC or any of its Subsidiaries, which are either individually, or in conjunction with other Midstream Assets, necessary for the conduct of the Midstream Business by TWC and its Subsidiaries, including the Refineries in Alaska and Tennessee, except that "Midstream Assets" shall not include (a) the assets being part of either of the MAPL Asset Disposition or Seminole Asset Disposition, unless the MAPL Disposition or Seminole Asset Disposition, as applicable, shall not have occurred on or prior to the date that is 60 days from July 31, 2002 and (b) any Assets of NewGP, or its Subsidiaries.

"Midstream Business" means the gathering, marketing, dehydrating, treating, processing, fractionating, refining, storing, selling and transporting of Hydrocarbons and Refined Hydrocarbons in the United States, and any business relating thereto; provided that "Midstream Business" shall not include (i) operations that are directly related to the exploration and production of Hydrocarbons, (ii) the interstate transportation and storage of natural gas and associated liquid hydrocarbons under the jurisdiction of the Natural Gas Act, and (iii) the transportation and storage of natural gas and associated liquid hydrocarbons through the Cardinal Pipeline System.

"Midstream Guaranty" means that certain guaranty executed by those certain guarantors in substantially the form of Exhibit I hereto, as amended, supplemented or modified from time to time.

"Midstream Subsidiaries" means each Subsidiary of TWC (excluding Williams Mobile Bay Producer Services, L.L.C., NewGP, and each of their Subsidiaries, if any) engaged either in whole or in part in the Midstream Business that either (1) owns, leases or has possession of Midstream Assets that have an aggregate fair market value of $1,000,000 or more, or (2) owns, leases or has possession of any Midstream Asset or right that is material to the ownership, leasing or operation of the Midstream Assets taken as a whole.

"MLP" means Williams Energy Partners L.P., a Delaware limited partnership.

"Moody's" means Moody's Investors Service, Inc or its successor.

"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.

"Natural Gas Act" shall mean the Natural Gas Act, 15 U.S.C.ss.717(a) -717(w).

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

"Net Cash Proceeds" means, with respect to any sale, transfer or other disposition of any asset or the sale or issuance of any equity interests (including, without limitation, any capital contribution) by any Person, the gross cash proceeds received (including any

cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when such cash is received) by or on behalf of such Person in connection with such transaction net of only (a) reasonable transaction costs, including customary and reasonable brokerage commissions, underwriting fees and discounts, legal fees, fees paid to accountants and financial advisors, finder's fees and other similar fees and commissions, (b) the amount of taxes payable in connection with or as a result of such transaction, (c) the amount of any Debt by the terms of the agreement or instrument governing such Debt (including, without limitation, the Barrett Loan Agreement and the WECI Note), that is required to be repaid or cash collateralized in the case of letters of credit, upon such disposition, including any premium, make-whole or breakage amount related thereto, (d) payments of unassumed liabilities relating to the assets sold at the time of, or within 60 days after, the date of such sale; provided that such gross proceeds shall not include any portion of such gross cash proceeds which a Borrower determines in good faith should be reserved for post-closing adjustments (including indemnification payments, tax expenses and purchase price adjustments, to the extent the Person delivers to the Agent a certificate signed by an officer of such Person as to such determination), it being understood and agreed that on the day that all such post-closing adjustments have been determined (which shall not be later than 120 days following the date of the respective disposition; and provided further that such 120-day period shall be extended to the extent any amount of such proceeds is subject to a good faith dispute or claim), the amount (if any) by which the reserved amount in respect of such sale or disposition exceeds the actual post-closing adjustments payable by such Person shall constitute Net Cash Proceeds on such date received by such Person from such sale, lease, transfer or other disposition.

"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 plus all non-cash losses resulting from the write-down or disposition of the Trading Book over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of the Borrower in respect of the FELINE PACS.

"NewGP" means a Business Entity organized under Delaware law, which may be formed before, on or after the date hereof, and which (i) will be at the time of formation a Wholly-Owned Subsidiary of TWC, and (ii) will be formed for the sole purpose of acquiring certain Equity Interests in MLP currently held by Williams GP, LLC and acting as the general partner of MLP.

"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 (i) any Debt incurred by any Project Financing Subsidiary to finance the acquisition (other than the acquisition from a Borrower or any Subsidiary of such Borrower that is not a Project Financing Subsidiary), improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or providing financing for, a project listed on Schedule IV or any new project commenced or acquired after July 31, 2002, which Debt does not provide for recourse against a Borrower or any Subsidiary of such Borrower (other than a Project Financing Subsidiary and such recourse as exists under a Performance Guaranty) or any property or asset of a Borrower or any Subsidiary of such Borrower (other than the Equity Interests in, or the property or assets of, a Project Financing Subsidiary) and (ii) any refinancing of such Debt that does not increase the outstanding principal amount thereof at the time of the refinancing or increase the property subject to any Lien securing such Debt or otherwise add additional security or support for such Debt.

"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.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Performance Guaranty" means any guaranty issued in connection with any Non-Recourse Debt that (i) if secured, is secured only by assets of, or Equity Interests in, a Project Financing Subsidiary, and (ii) guarantees to the provider of such Non-Recourse Debt or any other Person of the (a) performance of the improvement, installation, design, engineering, construction, acquisition, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or any portion of the project that is financed by such Non-Recourse Debt, (b) completion of the minimum agreed equity contributions to the relevant Project Finance Subsidiary, or (c) performance by a Project Financing Subsidiary of obligations to Persons other than the provider of such Non-Recourse Debt.

"Permitted Dispositions" means (a) the disposition of the assets or Persons set forth on Schedule VII or the assets currently owned by such Persons and (b) the TWC Asset Dispositions.

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

"Permitted Refinancing Debt" has the meaning assigned thereto on Schedule VI.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other Business 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.

"Pledge Agreement" means a Pledge Agreement executed by TWC and certain Guarantors in substantially the form of Exhibit J.

"Plowshare Transaction" means the retirement of the Interests of the Class B Preferred Member in PPH (each as defined in the PPH Sponsor Agreement) held by Plowshare Investors LLC, a Delaware limited liability company, by PPH.

"PPH Company Agreement" means the Amended and Restated Limited Liability Company Agreement of Piceance Production Holdings LLC, dated as of December 31, 2001, by and among Williams Production RMT Company, a Delaware corporation, Bison Royalty LLC, a Delaware limited liability company, Plowshare Investors LLC, a Delaware limited liability company, and Piceance Production Holdings LLC, a Delaware limited liability company.

"PPH Sponsor Agreement" means the PPH Sponsor Agreement, dated as of December 31, 2001, by TWC in favor of Piceance Production Holdings LLC, Plowshare Investors LLC and the other indemnified parties named therein (as the same may from time to time be amended, modified or supplemented).

"Prairie Wolf Facility" means the financing provided in connection with that certain $611,788,868 Joint Venture Sponsor Agreement dated as of December 28, 2000 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Sponsor Agreement"), among TWC, as Sponsor, and Williams Field Services Company, in favor of Prairie Wolf Investors, Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons (as defined in the Sponsor Agreement) listed therein.

"Prairie Wolf Purchase Option Agreement" means the Purchase Option Agreement, dated as of December 28, 2000, among TWC, Prairie Wolf Investors, L.L.C., Citicorp North America, Inc., Ambac Private Holdings, L.L.C., Westboro Properties L.L.C., Stonehurst Capital L.L.C., BSCS XXXIX, Inc., Snow Goose Associates, L.L.C. and Arctic Fox Assets, L.L.C.

"Prairie Wolf Transaction" means the purchase of the Investor Membership Interest (as defined in the Prairie Wolf Purchase Option Agreement) pursuant to the Prairie Wolf Purchase Option Agreement.

"Progeny Facilities" means the financing facilities specifically described on Schedule XII attached hereto.

"Project Financing Subsidiaries" means any non-material Subsidiary of any Borrower whose principal purpose is to incur Non-Recourse Debt and/or construct, lease, own or operate the assets financed thereby, or to become a direct or indirect partner, member or other equity participant or owner in a Business Entity so created, and substantially all the assets of which Subsidiary or Business Entity are limited to (x) those assets being financed (or to be financed), or the operation of which is being financed (or to be financed), in whole or in part by Non-Recourse Debt, or (y) Equity Interests in, or Debt or other obligations of, one or more other such Subsidiaries or Business Entities, or (z) Debt or other obligations of any Borrower or its Subsidiaries or other Persons. For purposes of this definition, a "non-material Subsidiary" shall mean any Consolidated Subsidiary of any Borrower that is not the Borrower which, as of the date of the most recent Consolidated balance sheet of the Borrower delivered pursuant to Section 4.01(e) or 5.01, has total assets which account for less than five percent (5%) of the total Consolidated assets of such Borrower and its Consolidated Subsidiaries, as shown on such Consolidated balance sheet; provided that the aggregate assets of the non-material Subsidiaries shall not comprise more than ten percent (10%) of the total Consolidated assets of such Borrower and its Consolidated Subsidiaries, as shown on such Consolidated balance sheet.

"Property" has the meaning set forth in the definition of "Assets".

"Public Filings" means the Borrowers' (i) annual report on Form 10-K (in the case of TWC, its Form 10K/A) for the year ended December 31, 2001, (ii) quarterly report on Form 10-Q for the quarter ended March 31, 2002, (iii) quarterly report on Form 10-Q for the quarter ended June 30, 2002 and (iv) each other quarterly and annual and other reports filed from time to time.

"Purchase Card Agreement" means that certain Purchase Card Agreement among TWC and CUSA dated January 29, 2002.

"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. In the event there is a split between the ratings of any Borrower's senior unsecured long-term debt by S&P and Moody's, "Rating Category" shall be determined based on the lowest rating of such Borrower's senior unsecured long-term debt by S&P or Moody's.

"Refined Hydrocarbons" means all products refined, separated, fractionated, settled, and dehydrated from Hydrocarbons and all products derived therefrom, including, without limitation, kerosene, liquefied petroleum gas, refined lubricating oils, diesel fuels, drip gasoline, natural gasoline, helium, sulfur and all other minerals.

"Refineries" means the equity interest in, and assets owned by, the Midstream Business of TWC which produces Refined Hydrocarbons and is owned collectively by the following subsidiaries: Williams Express, Inc., a Delaware corporation, Williams Alaska Pipeline Company, LLC, a Delaware limited liability company, Williams Alaska Petroleum, Inc., an Alaska corporation, Williams Alaska Air Cargo Properties, LLC, an Alaska limited liability company, Williams Lynxs Alaska CargoPort, LLC, an Alaska limited liability company, Williams Express, Inc., an Alaska corporation, Williams Petroleum Pipeline Systems, Inc., a Delaware corporation, Williams Refining & Marketing, LLC, a Delaware limited liability company, Williams Olefins, LLC, a Delaware limited liability company, Williams Olefins Feedstock Pipelines, LLC, a Delaware limited liability company, Williams Memphis Terminal, Inc., a Delaware corporation, Williams Generating Memphis, LLC, a Delaware limited liability company, EMT (only with respect to its interest in a gas turbine, electric generating facility in Memphis, Tennessee), and Memphis Generation, L.L.C., a Delaware limited liability company.

"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 (i) neither TWC nor any Subsidiary of TWC shall be considered to be a Related Party of TWC or any Subsidiary of TWC and (ii) neither NewGP nor any Subsidiary of NewGP shall be considered to be a "Related Party" of NewGP or any Subsidiary of NewGP.

"Restricted Midstream Subsidiaries" means Williams Mobile Bay Producer Services, L.L.C.; and Williams Field Services-Gulf Coast Company, L.P., Williams Oil Gathering L.L.C., Gulf Liquids Holdings, L.L.C. and Gulf Liquids New River Project, LLC.

"RMT" means Williams Production RMT Company.

"RMT Asset Disposition" means the sale, transfer, lease, distribution or other disposition of the RMT Equity Interests or the assets of RMT LLC, RMT or its Subsidiaries in accordance with the provisions of the Barrett Loan Agreement.

"RMT Equity Interests" means the Equity Interests in RMT and/or each of its Subsidiaries.

"RMT LLC" means Williams Production Holdings LLC.

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

"Sale Agreement" has the meaning specified in Section 5.01(e).

"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 to any other person (a "Transferee"), 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 rent or lease as lessee from such Transferee or any other Person 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.

"Security Agreement" means a Security Agreement executed by the TWC and those certain guarantors party thereto in substantially the form of Exhibit G hereto.

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

"Seminole Asset Disposition" means the sale, transfer or other distribution of all or substantially all of the Equity Interests in or assets of Seminole and E-Oaktree, LLC.

"Soda Ash" means Williams Soda Products Company and American Soda, L.L.P.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

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

"Specified Escrow Arrangements" means (a) encumbrances arising under the Pledge and Assignment Agreement for the Purchase Card Agreement, dated as of January

29, 2002, as amended, supplemented, amended and restated or otherwise modified from time to time, whereby TWC has requested the continued issuance of credit under the Purchase Card Agreement; and (b) cash deposits at one or more financial institutions for the purpose of funding any potential shortfall in the daily net cash position of TWC or any of its Subsidiaries.

"SPV" is used as defined in the definition of "WCG Structured Financing."

"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.

"Subject Subsidiaries" means all Subsidiaries of the Borrowers other than NewGP and its Subsidiaries.

"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 (i) any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding 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 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 and (ii) any Person that is under the direct or indirect control of such Person, by voting rights, contract or otherwise, and in accordance with generally accepted accounting principles, is Consolidated with a Borrower in its Consolidated financial statements; provided that, for greater certainty, (x) MLP and its Subsidiaries (A) shall be considered Subsidiaries of NewGP, but (B) shall not otherwise be considered Subsidiaries or Guarantors of the Borrowers or their respective Subsidiaries and (y) NewGP shall be considered a Subsidiary of TWC.

"Surety Administrative Agent" means Citibank, N.A., in its capacity as surety administrative agent under the terms of the Midstream Guaranty and its successors or assigns appointed pursuant to Section 7(e) of the Midstream Guaranty.

"Synthetic Lease" means any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with generally accepted accounting principles and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which such Person is the lessor.

"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(c) of ERISA (other than a "reportable event" not subject to the provision for 30-day notice to the PBGC or a "reportable event" as such term is described in Section 4043(c)(3) of ERISA) which might reasonably be expected to result in a termination of, or the appointment of a trustee to administer, a Plan, or which causes a Borrower, due to actions of the PBGC, to be required to contribute at least $75,000,000 in excess of the contributions which otherwise would have been made to fund a Plan based upon the contributions recommended by such Plan's actuary), 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 reasonably be expected to result in the termination of, or the appointment of a trustee to administer, any Plan under Section 4042 of ERISA.

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

"TGPL Bond Offering" means that certain $325,000,000, 8.875% Senior Notes due 2012 issued on July 3, 2002 by TGPL.

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

"Trading Book" means all mark to market daily and forward traded transactions inclusive of structured portfolio transactions consisting primarily of tolling and full requirements transactions.

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

"TravelCenters" means Williams TravelCenters, Inc.

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

"TWC Asset Dispositions" means the sale by TWC or by any of its Subsidiaries of (a) WPC, (b) MAPL Asset Disposition, (c) Seminole Asset Disposition, (d) the Refineries, (e) Soda Ash, (f) TravelCenters, and (g) Bio-Energy.

"TWC Asset Disposition Documents" means all material agreements relating to the TWC Asset Dispositions.

"TWC Preferred Stock" means the shares of preferred stock of TWC which may be perpetual preferred stock or mandatorily convertible into shares of common stock of TWC.

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

"UBOC Turbine Financing" means the transactions contemplated by (i) the Turbine Financing and Agency Agreement, dated as of April 16, 2002, between Union Bank of California, N.A., each of the other financial institutions party thereto as a Lender or Certificate Holder, WEMT Statutory Trust 2002 and EMT (the "TFA AGREEMENT") and (ii) the Operative Documents and the Lease (as such terms are defined in the TFA Agreement).

"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 Note" means that certain promissory note dated March 28, 2001 issued by WCG to WCG Note Trust, a Delaware business trust, in a principal amount of $1,500,000,000 with a maturity date of March 31, 2008.

"WCG Note Trust Bonds" means those certain debt securities issued by WCG Note Trust and WCG Note Corp. on March 28, 2001.

"WCG Refinancing Transaction" means any transaction or series of related transactions pursuant to which TWC or any Subsidiary of TWC becomes directly and primarily liable to the holders of the WCG Senior Notes for an aggregate amount not exceeding the outstanding principal amount of the WCG Senior Notes, together with all accrued and unpaid interest thereon, any fees, and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes, including, without limitation, by means of (i) any amendment to the transaction documents pursuant to which the WCG Senior Notes were issued, (ii) an exchange offer or tender offer for the WCG Senior Notes or the WCG Note in consideration for which TWC or any Subsidiary of TWC issues debt securities of TWC or any Subsidiary of TWC, (iii) any redemption or repurchase, in whole or in part, of the WCG Senior Notes by TWC or any Subsidiary of TWC, (iv) any exercise of the "Share Trust Release Option" as defined in the transaction documents pursuant to which the WCG Senior

Notes were issued or (v) TWC or any Subsidiary of TWC making any payments in respect of the WCG Senior Notes or the WCG Note.

"WCG Reimbursement Obligations" means any obligations of any WCG Subsidiary in favor of TWC, any Subsidiary of TWC or the WCG Senior Notes Issuer pursuant to which such WCG Subsidiary has agreed to pay TWC, any Subsidiary of TWC or the WCG Senior Notes Issuer an amount equal to or less than the total amount of the obligations incurred by TWC and/or its Subsidiaries in connection with the WCG Refinancing Transaction, including, without limitation, in respect of principal, interest, fees and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes.

"WCG Senior Notes" means those certain 8.25% Senior Secured Notes due 2004 in an aggregate principal amount of $1,400,000,000 issued by the WCG Senior Notes Issuer.

"WCG Senior Notes Issuer" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

"WCG Structured Financing" means a certain series of related transactions in anticipation of the spin-off of WCG pursuant to which WCG or a WCG Subsidiary shall obtain loans or equity contributions, either directly from investors in the marketplace or through one or more special purpose vehicles (each, an "SPV"), which SPV or SPVs may be Subsidiaries of TWC. Principal of such loans and such equity contributions shall be in a cumulative amount after January 31, 2001 which does not exceed in the aggregate $1,500,000,000. TWC shall have a contingent obligation with respect to repayment of indebtedness or return on and of equity of the SPV (or SPVs) or WCG or a WCG Subsidiary in regard to such transaction, which contingent obligation shall terminate in each case no later than four (4) years after the effective date of such transaction and shall be satisfied only through the issuance of equity securities unless further sales of equity securities of TWC are not possible or will not result in additional proceeds.

"WCG Synthetic Lease" means that certain Amended and Restated Lease between State Street Bank and Trust Company of Connecticut, National Association, as Lessor and Williams Communications, Inc., as Lessee, dated as of September 2, 1998, as amended, which has been terminated and was fully repaid on March 29, 2002.

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

"WCG Unwind Transaction" means a transaction in which (i) TWC's and/or its Subsidiaries' Sale Leaseback transactions dated as of September 13, 2001, with (x) WCG and its Subsidiary, Williams Technology Center, LLC ("WTC"), involving the Williams Technology Center, and (y) WCG and its Subsidiary, Williams Communications, LLC, involving corporate aircraft (collectively, the "WCG Sale Leaseback") are terminated, (ii) in exchange for such termination, TWC receives a promissory note or notes payable by the reorganized WCG, WTC and/or the other WCG Subsidiaries, individually or as co-

makers, in an aggregate principal amount of $175,000,000 or less, and (iii) consideration from TWC and its Subsidiaries includes termination of the existing WCG Sale Leaseback and transfer of the Equity Interests in Williams Aircraft Leasing, LLC, but does not include any cash payment by TWC or any of its Subsidiaries to WCG or WTC.

"WECI Note" means that certain promissory note, dated as of December 28, 2000, issued by Williams Energy (Canada), Inc. in favor of the Registered Holders (as defined therein), as amended by Prairie Wolf Investors, L.L.C. Amendment No. 1, dated as of August 29, 2001, by Amendment No. 2 to Certain Prairie Wolf Operative Documents, dated as of March 28, 2002, and by Amendment No. 3 to Certain Operative Documents and Consents, dated as of October 31, 2002.

"WGPC" means Williams Gas Pipeline Company, LLC, a Delaware limited liability company.

"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 Pipeline Central, Inc., a Delaware corporation.

"WPXE" means WPX Enterprises, Inc., a Delaware corporation.

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 shall be construed in accordance with general accounting principles, and each reference herein to "generally accepted accounting principles" shall mean generally accepted accounting principles in effect, consistently applied.

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. The term "including" shall mean "including, without limitation,". References to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time, so long as such amended, modified or supplemented document, instrument or agreement does not violate the terms of this Agreement.

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 July 31, 2002 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 July 31, 2002 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.

(c) Mandatory. By no later than five Business Days from the date of receipt by TWC or any of its Subject Subsidiaries of any Net Cash Proceeds from (i) any asset disposition (other than the MAPL Asset Disposition, the Seminole Asset Disposition, dispositions permitted pursuant to Section 5.02(l)(i) and (iii), and any disposition of Collateral (other than the Refineries in Alaska and Memphis and the assets related thereto)), (ii) an issuance of TWC Preferred Stock, (iii) any disposition of Collateral permitted pursuant to Section 5.02(l) (other than the Refineries in Alaska and Memphis and the assets related thereto, and dispositions permitted pursuant to Section 5.02(l)(i) and (iii)), or (iv) any issuance of Equity Interests by TWC (other than TWC Preferred Stock), TWC shall apply such Net Cash Proceeds as follows:

(A) So long as the aggregate Commitments of the Banks to TWC are greater than $400,000,000:

(1) in the case of any such Net Cash Proceeds arising from any disposition referred to in clause (i) above which consists of the Refinery in Alaska owned by certain Subsidiaries and the assets related thereto, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis to the permanent ratable reduction of the respective Commitments of the Banks to TWC;

(2) in the case of any such Net Cash Proceeds arising from any asset disposition referred to in clause (i) above and not otherwise applied pursuant to sub-clause (1) above (including any disposition of the Refinery in Memphis, Tennessee owned by certain Subsidiaries and the assets related thereto), 50% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (A) reduction of the respective Commitments of the Banks to TWC, (B) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (C) cash collateralization of the Legacy L/Cs;

(3) in the case of any such Net Cash Proceeds arising from an issuance of TWC Preferred Stock referred to in clause (ii) above, 100% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the respective Commitments of the Banks to TWC, (y) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(4) in the case of any such Net Cash Proceeds arising from any disposition of Collateral referred to in clause (iii) above, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis to the permanent ratable (x) reduction of the respective Commitments of the Banks to TWC and (y) Cash Collateralization of the Letter of Credit Commitments; and

(5) in the case of any such Net Cash Proceeds arising from any issuance of Equity Interests referred to in clause (iv) above, 50% of such Net Cash Proceeds shall be

applied on a pro-rata basis, without duplication, to the permanent ratable (w) reduction of the respective Commitments of the Banks to TWC, (x) Cash Collateralization of the Letter of Credit Commitments, (y) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(B) From such time that the aggregate Commitments of the Banks to TWC are equal to or less than $400,000,000:

(1) 50% of any Net Cash Proceeds arising from an asset disposition referred to in clause (A)(1) or (A)(4) above shall be applied, first, to fully Cash Collateralize the Letter of Credit Commitments and, second, upon the Letter of Credit Commitments being fully Cash Collateralized, to a pro-rata and permanent ratable (without duplication) (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and third, upon the full Cash Collateralization of the Letter of Credit Commitments, the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero, and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to TWC;

(2) 50% of any Net Cash Proceeds arising from an asset disposition referred to in clause (A)(2) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and, second, upon the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to TWC;

(3) 100% of any Net Cash Proceeds arising from an issuance of TWC Preferred Stock referred to in clause (A)(3) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs and, second, upon the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to TWC; and

(4) 50% of any Net Cash Proceeds arising from an issuance of Equity Interests referred to in clause (A)(5) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) Cash Collateralization of the Letter of Credit Commitments, (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and second, upon the full Cash Collateralization of the Letter of Credit Commitments, the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie

Wolf Facility) to zero, and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to TWC.

provided, that no such mandatory (w) reduction of the Commitments, (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility), (y) cash collateralization of the Legacy L/Cs, or (z) Cash Collateralization of the Letter of Credit Commitments shall be required pursuant to this Section 2.04 (c) until the earlier of (A) such time as the aggregate amount of Net Cash Proceeds from such asset dispositions and equity issuances that have not previously been applied to a mandatory reduction of Commitments shall exceed $50,000,000 and (B) the end of the Fiscal Quarter in which such Net Cash Proceeds are received by TWC or any of its Subsidiaries. If a reduction of the Commitments pursuant to this Section 2.04(c) shall cause the Commitments as so reduced to be less than the aggregate outstanding principal amount of the Advances (such positive difference between the Commitments and the outstanding Advances being referred to herein as the "EXCESS AMOUNT"), TWC shall repay an aggregate principal amount equal to no less than such Excess Amount, and except as set forth in this proviso, the obligation of TWC to apply Net Cash Proceeds to the reduction of the Commitments of the Banks shall not require any payments to the Banks.

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 plus the Applicable Margin 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 plus the Applicable Margin 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 omitted.]

(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 July 31, 2002 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(4), 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 Effectiveness. Subject to Section 3.04 below, the amendment and restatement of the Existing Credit Agreement and the obligation of each Bank to make Advances under this Agreement is subject to the condition precedent that the Agent shall have received the following, in form and substance satisfactory to the Agent and (except for the Notes, if any) in sufficient copies for each Bank:

(a) Certified copies of the resolutions of the Board of Directors, or the Executive Committee thereof, of each Borrower and each of such Borrower's Subsidiaries being a party to any L/C Collateral Document authorizing the execution of this Agreement, the other Credit Documents to which each Borrower or Subsidiary is a party, each Notice of A Borrowing, each Notice of B Borrowing, and all other documents, in each case evidencing any necessary company action and governmental and other third party approvals and consents, if any, with respect to each such Credit Document.

(b) A certificate of the Secretary or an Assistant Secretary of each Borrower and each of such Borrower's Subsidiaries being a party to any L/C Collateral Document certifying (i) that attached thereto is a complete and correct copy of the Certificate of Incorporation and Bylaws, or other applicable formation documents, of such Borrower or Subsidiary together with any amendments thereto, with a copy of a certificate of the Secretary of State of the jurisdiction of incorporation, or organization of such Borrower or Subsidiary, dated reasonably near the Effective Date, certifying that such Borrower or Subsidiary is duly qualified and in good standing in such State, (ii) the absence of any amendments to the Certificate of Incorporation and Bylaws of such Borrower or Subsidiary since the date of the Secretary of State's certificate referred to in this clause (b), (iii) the due incorporation and good standing or valid existence of such Borrower or Subsidiary as an entity organized under the laws of the jurisdiction of its incorporation or organization, and the absence of any proceeding for the dissolution or liquidation of such Borrower or Subsidiary, and (iv) the names and true signatures of the officers of such Borrower or Subsidiary authorized to sign this Agreement, the other Credit Documents, 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.

(c) 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.

(d) An opinion of New York counsel to the Borrowers and Guarantors, substantially in the form of Exhibits D-1 and D-2 hereto and as to such other matters as any Bank through the Agent may reasonably request.

(e) A duly executed and fully effective amendment and restatement of the L/C Agreement and amendment of each of the Progeny Facility documents, other than those automatically amended by virtue of the amendment to this Agreement, each dated the date of this Agreement.

(f) 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.

(g) A certificate of an officer of each Borrower and each of its Subsidiaries being a party to any L/C Collateral Document, dated as of the date of execution and delivery by each Borrower of this Agreement (the statements made in each such certificate shall be true on and as of such date), certifying as to (i) the truth, in all material respects, of the representations and warranties contained in this Agreement (in the case of each Borrower only) and the Credit Documents as though made on and as of the date of the execution and delivery of this Agreement other than any such representations or warranties that, by their terms, refer to a specific date other than such date, in which case as of such specific date and (ii) the absence of any event (x) occurring and continuing after giving effect to this Agreement, the Barrett Loan Agreement and the agreements referred to in Section 3.01(e) hereof, and assuming the consummation of the transactions contemplated thereby, or (y) resulting from the execution and delivery of this Agreement and the Credit Documents and the performance of such Borrower or such Subsidiary, as applicable, of its obligations hereunder or under any other Credit Document, that constitutes an Event of Default (other than any Event of Default which may arise as a result of a draw or the probability of a draw under a letter of credit).

(h) Evidence that all agency, trustee, custodial, filing service, legal and other fees and disbursements incurred and invoiced the day immediately prior to the Effective Date, including all fees of the Collateral Trustee, Collateral Agent and the Agent and their respective counsel, have been fully paid by the Borrowers.

(i) A duly executed and effective amendment to the Pledge Agreement, Security Agreement, Collateral Trust Agreement, LLC Guaranty, and Midstream Guaranty each dated the date of this Agreement.

(j) A duly executed and fully effective amendment and restatement of the Holdings Guaranty.

(k) TWC shall have paid in full all accrued fees and expenses of the Agent (including the accrued fees and expenses of counsel to the Agent and local counsel to the Agent)

(l) Counterparts of this Agreement, duly executed on behalf of each of the Borrowers and the Majority Banks.

For purposes of determining compliance with the conditions specified in this Section 3.01, each Bank shall be deemed to have (i) consented to, approved, authorized and

accepted and to be satisfied with each document or other matter required under this Section 3.01 (provided that each Bank has received access to a copy of each document set forth in clauses (i) and (j) hereof and the L/C Agreement) and (ii) authorized the Collateral Agent and the Collateral Trustee to execute the documents set forth in clauses (i) and (j) hereof, as applicable, unless both (x) an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received written notice from such Bank prior to the making of an initial Advance specifying its objection thereto and (y) such Bank shall not have accepted any portion of the fees set forth in Section 2.03(a). The Agent shall give TWC notice when all actions required by Section 3.01 have been satisfied.

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 and each of the L/C Collateral Documents 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 and in each of the L/C Collateral Documents 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);

(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); and

Section 3.04. Special Condition to Effectiveness of Certain Provisions. Notwithstanding any contrary term or provision in Section 3.01 or elsewhere in this Agreement, amendments relating to the release of Collateral to the extent not permitted in the Existing Agreement without the consent of all Banks shall be of no force and effect until (a) the Agent shall have received (i) a duly executed counterpart hereof from each Bank listed on the signature pages hereof and (ii) a duly executed counterpart of the L/C Agreement from each lender being a party thereto and (b) all other conditions set forth in Section 3.01 are fully satisfied.

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 Material Subsidiaries taken as a whole. Each Material Subsidiary (other than NewGP, if applicable) 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 Material Subsidiaries (other than NewGP, if applicable) taken as a whole. Each Material Subsidiary of a Borrower (other than NewGP, if applicable) 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 Material Subsidiaries (other than NewGP, if applicable) taken as a whole.

(b) After giving effect to this Agreement, the L/C Agreement, the Barrett Loan Agreement and the Progeny Facilities and assuming the consummation of the transactions contemplated thereby, the execution, delivery and performance by each Borrower and the Guarantors of the Credit Documents to which it is shown as being a party delivered hereunder and the consummation of the transactions contemplated thereby are within such Borrower's or such Guarantor's, as the case maybe, corporate or limited liability company powers, have been duly authorized by all necessary corporate or limited liability company action, do not contravene (i) any Borrower's or such Guarantor's, as the case maybe, charter, by-laws or formation agreement or (ii) law or any restriction under any material agreement binding on or affecting any Borrower or Guarantor (other than any default which may arise as a result of a draw or the probability of a draw under a letter of credit) 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 each Borrower or Guarantor of any Credit Document to which any of them is a party, or the consummation of the transactions contemplated thereby.

(d) Each Credit Document has been duly executed and delivered by each Borrower or such Guarantor as the case may be, and is the legal, valid and binding obligation of each Borrower or such Guarantor as the case may be, enforceable against each Borrower or such Guarantor as the case may be, 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 sheet 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.

(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.

(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.

(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.

(f) Except as set forth on Schedule VIII or 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 (other than NewGP, if applicable) of such Borrower 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 or Material Subsidiary and its respective 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 contrary to the provisions of 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 (other than NewGP, if applicable) 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 (other than NewGP, if applicable) 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 (other than NewGP, if applicable) 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 any Borrower to the Banks and the Agent after the date hereof and approved by the Majority Banks, each Borrower and its respective Material Subsidiaries (other than NewGP, if applicable) are in compliance in all material respects with all Environmental Protection Statutes to the extent material to the operations or the Consolidated financial condition of each Borrower and its Consolidated Subsidiaries taken as a whole. Except as set forth in the Public Filings or as otherwise disclosed in writing by any 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 Consolidated Subsidiaries (other than those reserved for in accordance with generally accepted accounting principles and set forth in the financial statements regarding any 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 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 any Borrower and its respective Consolidated Subsidiaries, taken as a whole. Each Borrower and its respective Material Subsidiaries (other than NewGP, if applicable) holds, or has submitted a good faith application for all Environmental Permits (none of which have been terminated or denied) required for any of its current operations or for any property owned, leased, or otherwise operated by it; and is, and within the period of all applicable statutes of limitation has been, in compliance with all of its Environmental Permits.

(n) Other than the Permitted Liens, each Borrower and its Subject Subsidiaries has good, valid and indefeasible title to, or a valid leasehold interest in, its respective property and to all property reflected by its respective balance sheet referenced in clause (e) above as being owned by such Borrower (except property sold or otherwise disposed of by a Borrower or its Subject Subsidiaries in conformity with the terms and conditions of this Agreement). TWC and each of the Midstream Subsidiaries have sufficient title to all Midstream Assets they collectively own and operate as is necessary for the conduct of the Midstream Business after the date hereof in accordance with the ownership and operation of the Midstream Business in the twelve months prior to the date hereof. There exists, or following completion of the post-closing items more fully described in Schedule XIII, there will exist an Acceptable Security Interest in all Collateral other than the Excluded Collateral.

(o) The Persons listed on Schedule XIV are all of the Midstream Subsidiaries and own, lease or hold all Midstream Assets necessary and/or appropriate for the operation and carrying on of the Midstream Business associated with the Midstream Assets as conducted during the 12 months preceding the date hereof.

(p) Neither TWC nor any Midstream Subsidiary is in default under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a material adverse effect on the Midstream Business of TWC or any Midstream Subsidiary. No Default or Event of Default has occurred and is continuing.

(q) Except as would not have a material adverse effect on the conduct of the Midstream Business conducted by the Midstream Subsidiaries, the various gathering systems which comprise part of the Midstream Assets are covered by recorded fee deeds, right of ways, easements, leases, servitudes, permits, licenses, or other instruments in favor of the Midstream Subsidiaries (or their predecessors in title) and their successors and assigns, which instruments establish a contiguous right of way for the respective

gathering systems and grant the right to construct, operate, and maintain the respective gathering system in, over, under, and across the land covered thereby; provided, that certain licenses and permits from railroads, utilities, owners of meter sites, and from the various state and local Governmental Authorities and rights granted by Hydrocarbon producers on their respective properties may not be recorded. The pipelines comprising the various gathering systems which are part of the Midstream Assets of the Midstream Subsidiaries are located within the confines of contiguous rights of way and do not encroach upon any adjoining property in any material respects. The rights of ingress and egress held by the Midstream Subsidiaries with respect to such gathering systems allow the applicable Midstream Subsidiaries to inspect, operate, repair, and maintain such gathering systems in a normal manner consistent with past practices.

(r) After giving effect to this Agreement and the concurrent amendments to various financing arrangements and agreements of each Borrower and its Subsidiaries, each Borrower, individually and together with its Subsidiaries, is Solvent.

(s) No Borrower nor any Midstream Subsidiary is in default under or with respect to any of its margin requirements and capital assurance requirements in any respect which could reasonably be expected to have a material adverse effect on the Midstream Business of TWC, or any Midstream Subsidiary. No Default or Event of Default has occurred and is continuing.

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 Subject 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 Subject 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 Subject Subsidiaries or upon any of its property or any property of any of its Subject Subsidiaries, and all lawful claims which, if unpaid, might become a Lien upon any property of it or any of its Subject Subsidiaries; provided that no Borrower nor any Subject 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 Subject 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 Fiscal Quarters of each Fiscal Year of such Borrower, (1) the unaudited Consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarters and the unaudited Consolidated statements of income and cash flows of such Borrower and its Consolidated 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 and the lack of footnotes) 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 as of the date on which such financial statement is required to be delivered hereunder, such Borrower shall not be obligated to furnish copies of such financial statement; and (2) a certificate of an authorized financial officer of such Borrower (a) stating that he has no knowledge that a Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action, if any, which such Borrower proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of Sections 5.02(b) and 5.02(m);

(iii) as soon as available and in any event not later than 105 days after the end of each Fiscal Year of such Borrower, (1) a copy of the annual audited report for such year for such Borrower and its Consolidated Subsidiaries, including therein Consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of such Borrower and its Consolidated Subsidiaries for such Fiscal Year, in each case prepared in accordance with generally accepted accounting principles and reported on by Ernst & Young, LLP or such 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 5.01(b) is readily available on-line through EDGAR as of the date on which such financial statement is required to be delivered hereunder, such Borrower shall not be obligated to furnish copies of such financial statement; and (2) a letter 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 Consolidated Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default or Event of Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default or Event of Default 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 Sections 5.02(b) and 5.20(m), (which letter may nevertheless be limited in form, scope and substance to the extent required by applicable accounting rules or guidelines in effect from time to time);

(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 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 (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, 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 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;

(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; and

(xii) promptly after any officer of such Borrower obtains knowledge thereof, notice of (1) any material violation of, noncompliance with, or remedial obligations under, any Environmental Protection Statute or notification of such violation or noncompliance received from any Governmental Authority, and (2) any material release or threatened material release of Hazardous Substance or Hazardous Waste affecting any property owned, leased or operated by such Borrower or any Subsidiary of such Borrower that such Borrower or such Subsidiary is compelled by the requirements of any Environmental Protection Statute to report to any governmental agency, department, board or other instrumentality.

(c) Maintenance of Insurance. Maintain, and cause each of its Material Subsidiaries (other than NewGP, if applicable) 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 such Material 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 Subject Subsidiaries (other than the WCG Senior Notes Issuer) 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 Subject 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 Subject Subsidiary of such Borrower, where the failure of such Subject 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 Subject 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 Subject Subsidiaries taken as a whole; (iii) such Borrower and its Subject Subsidiaries may consummate any merger or consolidation permitted pursuant to Section 5.02(c); (iv) any Borrower and any of its Subject Subsidiaries may be converted into a limited liability company by statutory election; provided that any such conversion of a Borrower shall not affect its liabilities and obligations to the Banks pursuant to this Agreement and (v) Permitted Dispositions and other dispositions permitted hereunder.

(e) Acceptable Security Interest. Cause an Acceptable Security Interest to exist at all times in all Collateral, except as to the Excluded Collateral and as otherwise contemplated by Section 5.01(g). Notwithstanding the foregoing, if TWC and its Subsidiaries, as applicable, have not entered into and duly executed a purchase and sale agreement (the "SALE AGREEMENT") for the Refineries on or before December 31, 2002, with an agreed closing date of no later than March 31, 2003, then TWC shall grant an Acceptable Security Interest over any part of the Refineries to the extent owned by TWC or any of its Subsidiaries within 15 Business Days of the earlier of (i) December 31, 2002, if the Sale Agreement in connection with such part of the Refineries has not been executed by December 31, 2002, and (ii) March 31, 2003, if the sale in connection with such part of the Refineries has not been fully and duly consummated and closed by March 31, 2003, and all filing fees, expenses, mortgage taxes and any other costs and expenses of the Collateral Agent or Collateral Trustee incurred in connection therewith shall be payable by TWC on demand.

(f) Further Assurances. At any time and from time to time, such Borrower shall, at its expense, promptly execute and deliver to the Collateral Trustee and/or the Collateral Agent such further instruments and documents, and take such further action (including, without limitation, with respect to the granting of an Acceptable Security Interest, on any personal or real property of TWC, any Restricted Midstream Subsidiary which, on the date of this Agreement, is subject to any contractual restriction prohibiting the granting of such a Lien on such property, if such contractual restriction shall terminate prior to the Termination Date), as the Majority Banks may from time to time reasonably request, in order to further carry out the intent and purpose of the Credit Documents and to establish and protect the rights, interests and remedies created, or

intended to be created, in favor of the Collateral Trustee, Collateral Agent or any of the Banks, including the execution, delivery, recordation and filing of security agreements, financing statements and continuation statements under the law of any applicable jurisdiction and mortgages and deeds of trust necessary to grant an Acceptable Security Interest on all Collateral (other than any item of Collateral included in the definition of "Excluded Collateral" and subject to a contractual restriction prohibiting the granting of a Lien hereunder which contractual restriction has not terminated) of such Borrower and its Subsidiaries whether such Collateral is now owned, leased, possessed by license or any other means of acquiring a possessory interest or hereafter acquired or possessed (each such mortgage or deed of trust being an "Additional Mortgage"); provided, however, that neither NewGP, nor MLP, nor their respective Subsidiaries shall be required to grant a Lien on any of their property.

(g) Post-Closing Requirements. On or before the dates more fully set forth in Schedule XIII hereto, the Borrowers shall satisfy, or shall cause satisfaction, of the items more fully set forth in such Schedule XIII.

(h) Subsidiaries. (i) Give the Agent thirty days prior written notice of the creation or acquisition of any Subsidiary (other than (w) a Project Financing Subsidiary, (x) NewGP, (y) any Subsidiary of either NewGP or Apco Argentina, Inc., or (z) the WCG Senior Notes Issuer) and (ii) concurrently with the creation or acquisition of any such Subsidiary, cause such Subsidiary (other than (w) a Project Financing Subsidiary, (x) NewGP, (y) any Subsidiary of either MLP or NewGP, or (z) the WCG Senior Notes Issuer) to provide to the Collateral Agent a Security Agreement granting an Acceptable Security Interest in the Equity Interests of such Subsidiary for the benefit of the Collateral Trustee, appropriate legal opinions and, if such Subsidiary owns any real property, a Mortgage covering such real property, all of which shall be in the form and substance satisfactory to the Collateral Agent; provided, however, that the requirements set forth in this clause (ii) shall not apply to any Subsidiary of each Borrower newly created solely in connection with Permitted Dispositions or any sales and dispositions permitted by 5.02(l) so long as the Permitted Dispositions or other sales or dispositions are consummated within sixty (60) days of the creation of such Subsidiary; provided, further, that if such Permitted Disposition or other sale or disposition is not consummated within such sixty (60) day period, the requirements set forth in clause (ii) above shall apply with respect to such Subsidiary on the Business Day immediately following the end of such sixty (60) day period.

(i) Bond Offerings. Cause the net proceeds from the TGPL Bond Offering to be maintained in a separate, segregated account in the name of TGPL to be used solely as set forth in the offering documents for the TGPL Bond Offering.

(j) Midstream Subsidiaries. Cause the representation set forth in Section 4.01(o) to be true at all times; provided that, for purposes of this clause (j), Schedule XIV shall be deemed to be modified from time to time to reflect the (x) divestiture of Midstream Subsidiaries and (y) formation of new Midstream Subsidiaries, in each case to

the extent such divestiture or formation has been made in accordance with the terms of this Agreement.

(k) Cash Deposits. Maintain all or substantially all of its and its Subject Subsidiaries' cash deposits with one or more of the Banks party to this Agreement, other than any cash deposits held in local operational accounts or any international accounts.

(l) Barrett Liquidity Reserve. Cause RMT to at all times maintain the "Borrower Liquidity Reserve" (as defined in the Barrett Loan Agreement).

(m) Replacement of Legacy L/C with Letter of Credit. TWC shall cause the issuance of a letter of credit to replace a Legacy L/C to the extent the replacement of such Legacy L/C shall be necessary to prevent the occurrence of a default in relation to, and draw on, such Legacy L/C.

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 Subject 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 Subject Subsidiary to assign or otherwise convey, any right to receive income, in each case to secure or provide for the payment of any Debt, trade payable or other obligation or liability of any Person (other than obligations or liabilities that are (i) neither Debt nor trade payables, (ii) incurred, and are owed to trading counterparties, in the ordinary course of the trading business of the Borrowers or any of their Subject Subsidiaries, (iii) secured only by cash, short-term investments or a Letter of Credit and (iv) permitted by Section 5.02(o)); provided, however, that, notwithstanding the foregoing, (1) the Borrowers or any of their Subject Subsidiaries may create, incur, assume or suffer to exist Permitted Liens and (2) RMT and RMT LLC may create, incur, assume or suffer to exist any Lien created pursuant to the Barrett Loan Agreement.

(b) Debt.

(i) In the case of TWC, permit the ratio of (A) the aggregate amount of Consolidated Debt of TWC and its Consolidated Subsidiaries to (B) the sum of the Consolidated Net Worth of TWC plus the aggregate amount of Consolidated Debt of TWC and its Consolidated Subsidiaries to exceed at any time (x) on or before December 30, 2002, 0.70 to 1.00, (y) after December 30, 2002 and on or before March 30, 2003, 0.68 to 1.00 and (z) after March 30, 2003, 0.65 to 1.00; and

(ii) In the case of any Borrower (other than TWC), permit the ratio of (A) the aggregate amount of Consolidated Debt of such Borrower and its Subsidiaries on a Consolidated basis, to (B) the sum of the Consolidated Net

Worth of such Borrower plus the aggregate amount of Consolidated Debt of such Borrower and its Subsidiaries on a Consolidated basis to exceed at any time 0.55 to 1.00.

(c) Merger and Sale of Assets. Merge or consolidate with or into any other Person, or sell, lease or otherwise transfer a material part of its assets, or permit any of their Major Subsidiaries (other than Apco Argentina, Inc. and its Subsidiaries, and New GP, if applicable) to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer a material part of such Major Subsidiary's assets, except that this Section 5.02(c) shall not prohibit any sale or transfer permitted by Section 5.02 (l), (f), (o) or any Permitted Disposition.

(d) Agreements to Restrict Certain Transfers. Enter into or suffer to exist, or permit any of its Subject Subsidiaries to enter into or suffer to exist, any consensual encumbrance or consensual restriction (except under governmental regulations) on its ability or the ability of any of its Subject Subsidiaries (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 a Borrower or to any of its Subject Subsidiaries; or (ii) to make loans or advances to a Borrower or any Subject Subsidiary thereof, except, as to (i) and (ii) above, (1) encumbrances and restrictions on any Subsidiary that is not a Material Subsidiary, (2) those encumbrances and restrictions existing on July 31, 2002, (3) other customary encumbrances and restrictions now or hereafter existing of a Borrower or any Subsidiary thereof 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 a Borrower or its Subsidiaries existing on July 31, 2002, (4) encumbrances or restrictions on any Subsidiary that is obligated to pay Non-Recourse Debt arising in connection with such Non-Recourse Debt, (5) encumbrances and restrictions on Apco Argentina, Inc. or its Subsidiaries and (6) encumbrances and restrictions on any Subsidiary pursuant to the Barrett Loan Agreement.

(e) Loans and Advances; Investments. (i) Make or permit to remain outstanding, or allow any of its Subject Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt or Equity Interests of, any WCG Subsidiary, except that a Borrower and its Subject Subsidiaries may (1) permit to remain outstanding, and to replace or refinance, loans and advances and other financing arrangements to, or Equity Interest in, a WCG Subsidiary existing or owned (in the case of such Equity Interests) as of July 31, 2002 and listed on Exhibit E hereof, but no such replacement or refinancing shall exceed the amount of such loans, advances or other amounts outstanding immediately prior to such replacement or refinancing, (2) pursuant to the WCG Unwind Transaction, acquire and own the promissory notes referred to in clause (ii) of the definition herein of WCG Unwind Transaction, (3) receive any distribution from WCG or any Subsidiary thereof in connection with the bankruptcy proceedings of WCG or any Subsidiary thereof and (4) purchase WCG Note Trust Bonds in accordance with Section 5.02(o). Except for those investments permitted in subsections (1), (2) and (3) above, no Borrower shall, and no Borrower shall permit any of its Subject Subsidiaries to, acquire or otherwise invest in

Equity Interests in, or make any loan or advance to, a WCG Subsidiary; and (ii) to the extent not expressly permitted by the terms of this Agreement, (x) amend or modify in any manner the Barrett Loans or the Barrett Loan Agreement on terms or conditions which would (1) increase the collateral therefor to include assets not owned by Barrett on the date hereof except for assets acquired hereafter by Barrett in the ordinary course of business as presently conducted by Barrett, (2) shorten the maturity of the Barrett Loans or (3) add any additional obligors with respect thereto or (y) replace or refinance the Barrett Loans unless the Board of Directors of TWC shall determine by resolution that such replacement or refinancing is on the best terms reasonably available to TWC or Barrett at such time.

(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 Equity Interests or any direct or indirect interest in any Equity Interests in any of its Material Subsidiaries (other than NewGP, if applicable, the Refineries, MAPL, Seminole and their respective Subsidiaries and the Persons or assets referenced on Schedule VII); provided, however, that this Section 5.02(f) shall not prohibit (i) Permitted Liens, (ii) the sale or other disposition of the Equity Interests in any Subsidiary of a Borrower to the Borrower or any Wholly-Owned Subsidiary of a Borrower if, but only if, (x) there shall not exist or result a Default or Event of Default and (y) in the case of each sale or other disposition referred to in this proviso involving such 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 any other Credit Document and such Borrower shall continue to exist, (iii) any Subsidiary from selling or otherwise disposing of any direct or indirect Equity Interests in any Subsidiary (other than TGPL, TGT, or NWP) of a Borrower, (iv) any RMT Asset Disposition, (v) the sale or other disposition of the Equity Interests in any Subsidiary of TWC pursuant to, and in accordance with the Barrett Loan Agreement and (vi) any Permitted Disposition; provided that, except with respect to any Permitted Disposition, or any RMT Asset Disposition, after giving effect to any such sale or other disposition of any Equity Interests owned directly or indirectly by a Major Subsidiary, such Subsidiary continues to be a Major Subsidiary. Nothing herein shall be construed to permit the Borrower or any of its Subject Subsidiaries to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by Section 5.02(e).

(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 (other than NewGP, if applicable) of such Borrower (including, in the case of TWC, any material WCG Subsidiary) or any such ERISA Affiliate to the PBGC, if such material liability of such ERISA Affiliate could reasonably be expected to have a material adverse effect on such Borrower or any Material Subsidiary (other than NewGP, if applicable) of such Borrower, or (ii) permit to occur any Termination Event with respect to a Plan which would have a material adverse effect

on such Borrower or any Subject 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 Material 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 Material Subsidiary in the good faith judgment of such Borrower.

(i) Guarantees. After July 31, 2002, enter into any agreement to guarantee or otherwise become contingently liable for, or permit any of its Subject Subsidiaries to guarantee or otherwise become contingently liable for, Debt or any other obligation of any WCG Subsidiary or to otherwise assure a WCG Subsidiary, or any creditor of a WCG Subsidiary, against loss, except as set forth in Exhibit M.

(j) Sale and Lease-Back Transactions. Enter into, or permit any of its Subject Subsidiaries (other than Apco Argentina, Inc.) 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 paragraph (y) of Schedule VI.

(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). 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, provided, however, that nothing contained

herein shall prohibit or otherwise restrict the ability of TWC or any Subsidiary of TWC to use the proceeds of any Advance to own, purchase or acquire the WCG Senior Notes pursuant to the WCG Refinancing Transaction. Notwithstanding anything to the contrary contained herein, if any, (i) with respect to EMT, proceeds of any Advance shall only be used, directly or indirectly, as necessary for the orderly disposition of the Trading Book and (ii) no proceeds of any Advance shall be used to pay any principal amounts outstanding, interest, fees or other costs with respect to the Barrett Loan, it being understood that proceeds of any Advance may be used to support margin requirements with regard to Hedging Agreements on oil and gas.

(l) Asset Disposition. Sell, lease, transfer or otherwise dispose of, or permit any of their Material Subsidiaries or the Guarantors to sell, lease, transfer or otherwise dispose of, any property of the Borrowers or any Guarantor or any Material Subsidiary of the Borrowers, except:

(i) sales of inventory in the ordinary course of business and on reasonable terms;

(ii) sales of worn out, surplus, or obsolete equipment in the ordinary course of business, if no Event of Default exists at the time of such sale;

(iii) replacement of equipment in the ordinary course of business with other equipment at least as useful and beneficial to TWC or its Material Subsidiaries and their respective businesses as the equipment replaced if no Event of Default exists at the time of such replacement and an Acceptable Security Interest exists in such other equipment at the time of such replacement;

(iv) sales of other immaterial Property (other than Equity Interests, Debt or other obligations of any Subsidiary) in the ordinary course of business and on reasonable terms, if no Event of Default exists at the time of such sale; provided that Property may not be sold pursuant to this clause (iv) if the aggregate fair market value of all Property sold pursuant to this clause (iv) exceeds $250,000 in any year;

(v) sales or other dispositions of assets which are not Collateral for cash in arm's length transactions;

(vi) sales, leases, transfers or other dispositions of the Refineries (in whole or in part, including to each other);

(vii) the MAPL Asset Disposition and Seminole Asset Disposition;

(viii) sales or other dispositions of assets of NewGP or its Subsidiaries and the transfer by Williams GP LLC to NewGP of the general partnership interests and incentive distribution rights in MLP;

(ix) Permitted Dispositions;

(x) sale of Equity Interests in NewGP;

(xi) transfers by the Guarantors to other Guarantors and transfers by non-Guarantor Subsidiaries to any other Subsidiary, in each case in the ordinary course of business;

(xii) transfers to the State of California of up to 6 turbines in connection with the settlement of the California Proceedings;

(xiii) the Arctic Fox Capital Contribution; and

(xiv) transfers of Assets and Property by Subsidiaries of TGT which may not be restricted pursuant to that certain Indenture dated as of April 11, 1994 between TGT, as Issuer, and The Chase Manhattan Bank, as Trustee;

provided that (A) 50% of the gross cash proceeds resulting from any disposition of Collateral permitted pursuant to clauses (ii), (iv) through (vii), (ix) and (x), shall be deposited immediately upon receipt to the Collateral Account to be maintained with, and under the control of, the Collateral Trustee pursuant to the Collateral Trust Agreement and applied in accordance with the terms and conditions of the L/C Agreement and this Agreement and (B) assets disposed of pursuant to clauses (i) through (v) shall not constitute a material part of the assets of TGPL, TGT or NWP and (C) with respect to any Collateral replaced, exchanged or transferred (in the case of clause (xi) only), or any non-cash proceeds received from the sale, transfer or other disposition of Collateral, in each case pursuant to this Section 5.02(l), such Borrower shall undertake all actions as more fully set forth in, and subject to, Section 5.01(f) to (1) grant an Acceptable Security Interest in favor of the Collateral Trustee on any new Collateral resulting from any such replacement or exchange or on the non-cash proceeds received from the sale or other disposition of Collateral and (2) in the case of Collateral transferred pursuant to clause (xi), to maintain an Acceptable Security Interest on such transferred Collateral.

In connection with a requested release of Collateral pursuant to this Section 5.02(l), TWC shall deliver a Release Notice (as defined in the Collateral Trust Agreement) to the Collateral Trustee and the Collateral Trustee shall be required to forward such notice to the designated group pursuant to the terms of Section 2.5 of the Collateral Trust Agreement. If the notice period specified in the Collateral Trust Agreement expires prior to the Collateral Trustee receiving any objection to the specified release, then (x) the Collateral Trustee will execute and deliver all documents as may reasonably be requested to effect a release of the Liens on any such Collateral held by the Collateral Trustee pursuant the Collateral Trust Agreement and other L/C Collateral Documents, (y) any Guarantor that is the owner of the assets subject to a disposition permitted pursuant to this Section 5.02(l) and whose entire Equity Interests are being conveyed in connection with such disposition, together with the Subsidiary or Subsidiaries that own such Equity Interests with respect to such ownership, shall be automatically released as a Guarantor under the Midstream Guaranty and as a party, or parties as applicable, to the Collateral Trust Agreement, Pledge Agreement and Security

Agreement and (z) each Bank shall be deemed to have affirmatively approved the release of such Collateral and to the extent applicable, the release of such Guarantor and its owners, to the extent applicable, from the terms and conditions of the Midstream Guaranty, Collateral Trust Agreement, Pledge Agreement and Security Agreement.

Notwithstanding anything in this Section 5.02(l) to the contrary, and for greater certainty, nothing in this Agreement shall prohibit (1) a transfer of Equity Interests of RMT from TWC to RMT LLC or any RMT Asset Disposition or (2) TWC or any of its Subsidiaries (including RMT LLC, RMT and their respective Subsidiaries) from selling, leasing, transferring or otherwise disposing of any property of the Borrowers or any Subsidiaries of the Borrowers in accordance with the provisions of the Barrett Loan Agreement. For the avoidance of doubt, modification or limitation of voting rights with respect to any Equity Interests shall not constitute a disposition of property.

The Banks hereby acknowledge that Williams Midstream Natural Gas, Inc. has entered into a storage lease more fully described on Schedule V attached hereto. The property subject to the lease is encumbered by Liens granted pursuant to the Security Documents. The Banks hereby authorize and instruct the Collateral Trustee to execute the Non-Disturbance and Attornment Agreement substantially in the form attached hereto as part of Schedule V.

(m) Cash Flow to Interest Expense Ratio. Permit, for any period of four consecutive quarters, the ratio of (A) the sum of Cash Flow of any Borrower plus Interest Expense of such Borrower to (B) Interest Expense of such Borrower to be less than 1.5 to 1.0.

(n) Restricted Payments. (i) Other than in connection with the Castle Transaction, the Arctic Fox Capital Contribution and the Plowshare Transaction, declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Person thereof) as such, or permit any of its Subject Subsidiaries (other than Apco Argentina, Inc., TGT (to the extent there exists any contractual restriction prohibiting the Subsidiaries of TGT from restricting their ability to pay dividends) and their respective Subsidiaries) to do any of the foregoing, (ii) permit any of its Subject Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in TWC or (iii) permit its Subject Subsidiaries to make any prepayment with respect to any Debt (other than Debt issued or incurred in connection with the Progeny Facilities and related documents, Debt issued or incurred in connection with the terms of Section 2.04(c), Debt issued prior to July 31, 2002 pursuant to the certain Indenture dated May 1, 1990 with Transco Energy Company as issuer and Bank of New York as trustee, as supplemented from time to time, the WCG Note Trust Bonds, Debt under the Barrett Loan Agreement, Debt of Subsidiaries of TGT and Debt incurred in connection with the UBOC Turbine Financing) or repurchase any Debt securities except any repurchase or prepayment as required by the terms thereof in effect on July 31, 2002,

except that, so long as no Default shall have occurred and be continuing at the time of any action described in clauses (i), (ii) (other than with respect to RMT LLC and its Subsidiaries) and (iv) below or would result therefrom:

(i) TWC may (A) declare and pay cash dividends and distributions on its (1) 9 7/8% Cumulative Convertible Preferred Stock, (2) December 2000 Cumulative Convertible Preferred Stock and (3) March 2001 Mandatorily Convertible Single Reset Preferred Stock, (B) declare and pay cash dividends and distributions on TWC Preferred Stock issued on or after July 30, 2002 in form and substance satisfactory to the Agent and (C) in any Fiscal Quarter, declare and pay cash dividends to its holders of common stock and purchase, redeem, retire or otherwise acquire shares of its own outstanding common stock for cash if after giving effect thereto the aggregate amount of such dividends, purchases, redemptions, retirements and acquisitions paid or made in any such Fiscal Quarter would be not greater than the sum of $6,250,000;

(ii) TWC or any Subsidiary of TWC may (A) declare and pay cash dividends or pay subordinated loans owed to TWC or any Subsidiary of TWC (as the case may be), (B) declare and pay cash dividends or pay subordinated loans, in each case in the ordinary course of business consistent with past practice, owed to any other Subsidiary of TWC (and payments to the holders of the Designated Minority Interests made concurrently with and in the same form as the payments to Subsidiaries of TWC);

(iii) TWC or any Subsidiary of TWC may make payments to non-Subsidiaries to the extent required under Financing Transactions or other agreements in effect as of July 31, 2002, including without limitation payments made in connection with a downgrade by S&P and Moody's of TWC's senior unsecured long-term debt rating; and

(iv) TWC or any Subsidiary of TWC may make payments to non-Subsidiaries to the extent required under the organizational documents of the Deepwater JV.

(o) Investments in Other Persons. Make or hold, or permit any of its Subject Subsidiaries to make or hold, any Investment in any Person, except:

(i) equity Investments by a Borrower and its Subsidiaries in their Subsidiaries outstanding on July 31, 2002 and additional Investments in Subsidiaries engaged in businesses reasonably related to the businesses carried on by such Borrower and its Subsidiaries on July 31, 2002 (including without limitation the Arctic Fox Capital Contribution) provided that any such additional cash Investments shall not exceed $75,000,000 annually, except to the extent such cash Investments are immediately returned to the Person making such Investment as a dividend, distribution or repayment of Debt;

(ii) loans and advances to employees in the ordinary course of the business of a Borrower and its Subsidiaries as presently conducted;

(iii) Investments of a Borrower and its Subsidiaries in Cash Equivalents;

(iv) Investments existing on July 31, 2002 or commitments for such Investments existing on July 31, 2002 and Investments made pursuant to such commitments made after July 31, 2002;

(v) Investments by a Borrower and its Subsidiaries in Hedge Agreements entered into in the ordinary course of business and not for speculative purposes;

(vi) Investments consisting of intercompany debt;

(vii) Investments consisting of (A) the purchase of WCG Note Trust Bonds in an aggregate principal amount not to exceed $75,000 or (B) the Equity Interests in the WCG Senior Notes Issuer;

(viii) Investments by Apco Argentina, Inc. or its Subsidiaries in accordance with applicable laws and their governing documents; provided that such Investments shall only be made using cash generated solely by their business, operations and financings;

(ix) Investments not exceeding $12,000,000 in Williams Coal Seam Gas Royalty Trust units pursuant to agreements in place on the date hereof; provided that the purchase price of such units shall not exceed the then existing market price for such units;

(x) Investments consisting of the acquisition of Equity Interests of the Deepwater JV in exchange for the contribution of Deepwater Assets to the Deepwater JV and Investments made to maintain such Equity Interests;

(xi) Investments in Persons that are not Subsidiaries required to be made by TWC or any of its Subsidiaries in order to avoid default pursuant to agreements in existence on July 31, 2002;

(xii) any Investments necessary to maintain, in accordance with the partnership agreement, the 2% general partnership interest of NewGP in the MLP; provided, that the aggregate annual amount of such Investments under this clause (xii) shall not exceed $10,000,000;

(xiii) Investments permitted pursuant to Section 5.02(e);

(xiv) the Investment in the 0.2% general partnership interest in West Texas LPG Pipelines;

(xv) Investments by EMT contemplated by the UBOC Turbine Financing; and

(xvi) other Investments in an aggregate amount invested not to exceed $50,000,000 annually; provided that, with respect to Investments made under this clause (xvi), (1) any newly acquired or organized Subsidiary of a Borrower or any of its Subsidiaries shall be a Wholly-Owned Subsidiary thereof; (2) immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom; and (3) any company or business acquired or invested in pursuant to this clause (xvi) shall be in the same line of business as the business of a Borrower or any of its Subsidiaries.

(p) Subsidiary Debt. Permit any of its Subject Subsidiaries to create, incur, assume or suffer to exist Debt, other than (except as set forth in either Section 6(f) of the LLC Guaranty or Section 6(e) of the Holdings Guaranty) (i) Debt incurred, assumed or suffered to exist by TGPL, TGT, NWP, or Apco Argentina, Inc. or their Subsidiaries, (ii) Debt incurred, assumed or suffered to exist by Subsidiaries (other than those referred to in clause (i) and the Subsidiaries the stock of which is pledged under the Pledge Agreement (as defined in the L/C Agreement)) in an aggregate amount not to exceed $50,000,000 at any one time outstanding, (iii) Debt in existence on July 31, 2002, (iv) Debt under the Guaranties, (v) Debt of the Project Financing Subsidiaries; (vi) Debt under the Barrett Loan Agreement (vii) Debt consisting of intercompany debt so long as obligations of the debtors thereunder are subordinated to their obligations under the Credit Documents and are incurred in the ordinary course of the cash management systems of the Borrowers and their Subsidiaries, (viii) any Permitted Refinancing Debt incurred in exchange for, or the net proceeds of which are used to refund, refinance or replace Debt permitted to be incurred under this clause (p), and (ix) Debt incurred in connection with the Deepwater Transactions and the UBOC Turbine Financing.

(q) Agreement to Restrict Transfers to NewGP. In the case of TWC, transfer, or permit any of its Subject Subsidiaries to transfer, any property to NewGP, except a transfer to NewGP of the Equity Interest in MLP held by Williams GP LLC or any other transfer necessary to maintain the 2% general partnership interest of NewGP in MLP; provided that the aggregate annual amount of such Investments under this Section 5.02(q) shall not exceed $10,000,000.

(r) Cash Collateralization of Legacy L/Cs. In the case of TWC, from July 31, 2002, prepay any Progeny Facility or reduce the commitment of any lender under any Progeny Facility, or cash collateralize any Legacy L/Cs; provided, that TWC may (i) prepay any Progeny Facility, (ii) reduce the commitment of any lender under any Progeny Facility and (iii) cash collateralize any Legacy L/Cs under any of the following circumstances:

(1) TWC may apply Net Cash Proceeds as required by Section 2.04(c);

(2) TWC may pay principal of a Progeny Facility as such principal matures, and make any required prepayment or reduction of the commitments of any lender thereunder, in each case in accordance with the terms of such Progeny Facility in effect on July 31, 2002, and may prepay any such Progeny Facility simultaneously with the disposition of the assets associated with such Progeny Facility;

(3) TWC may make prepayments, reductions of commitments and cash collateralizations on a pro-rata basis to (x) the permanent ratable reduction of the outstanding amounts of the Progeny Facilities and (y) cash collateralize the Legacy L/Cs until and unless the Legacy L/Cs are fully cash collateralized, in which case such prepayments, reductions of commitments or cash collateralizations may be made on a pro-rata basis to the permanent ratable reduction of the outstanding amounts of the Progeny Facilities;

(4) TWC, in its sole absolute discretion, make any prepayment, commitment reduction or cash collateralization of the type set forth in clauses (i) through (iii) above in an aggregate amount not to exceed $65,000,000 per annum; and

(5) TWC may prepay, defease or otherwise satisfy in whole or in part all of its obligations arising under the Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, TWC, Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended, and all documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection therewith.

For the avoidance of doubt, nothing in this Section 5.02(r) shall limit or restrict TWC from any payment or taking any action that is required by the terms of any Progeny Facility or Legacy L/Cs in effect on the date hereof.

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 (i) shall fail to pay any principal of any Advance or of any Note executed by it when the same becomes due and payable, (ii) shall fail to pay any interest on any Advance or on any Note or (iii) shall fail to pay any fee or other amount

to be paid by it hereunder or under any Credit Document to which it is a party within ten days after the same becomes due and payable; or

(b) Any certification, representation or warranty made by any Borrower or Guarantor herein or in any other Credit Document or by any Borrower or Guarantor (or any officer of any Borrower or Guarantor) in writing under or in connection with this Agreement or in any other Credit Document 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 or Guarantor 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, (ii) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in Section 5.01(b) or Section 5.02), any Note or any other Credit Document 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 or Guarantor, as applicable shall have knowledge of such failure or (iii) any term, covenant or agreement contained in Section 5.02; 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 (i) by a regularly scheduled required prepayment, (ii) as required in connection with any permitted sale of assets, (iii) as required in connection with any casualty or condemnation or (iv) 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;

(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 July 31, 2002 by an amount exceeding $75,000,000;

(j) Any provision (other than any provision excepted from, or subject to a qualification in, the opinion delivered pursuant to Section 3.01(c), but only to the extent of such exception or qualification) of any L/C Collateral Document for any reason is not

a legal, valid, binding and enforceable obligation of any Borrower or Guarantor party thereto or any Borrower or Guarantor party thereto shall so state in writing;

(k) Any material portion of the Collateral that is not covered by adequate insurance shall be destroyed or any material portion of the Collateral shall otherwise become unavailable for use by its owner for a period in excess of 30 days (or 90 days if such owner has business interruption insurance adequate to cover the loss to it resulting from such Collateral being unavailable for use) or title to any material portion of the Collateral shall be successfully challenged; or

(l) Any "Default" or "Event of Default" as defined in any L/C Collateral Document shall occur.

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 and any other Credit Document 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 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 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, this Agreement or any other Credit Document; (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 or any other Credit Document on the part of any Borrower or Guarantor or to inspect the property (including the books and records) of any Borrower or Guarantor; (v) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Credit Document or any other instrument or document furnished pursuant hereto or thereto (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. CUSA, Chase, Commerzbank, Credit Lyonnais and Affiliates. With respect to its Commitments, the Advances made by it and the Notes, if any, issued to it, CUSA 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 Chase, Commerzbank and Credit Lyonnais in its individual capacity. 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 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 of the Banks and the other beneficiaries of any L/C Collateral Document parties hereto (both on its own behalf and on behalf of any of its affiliates that is a beneficiary of any L/C Collateral Document) acknowledges that it has, independently and without reliance upon the Collateral Trustee, 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 of the Banks and the other beneficiaries of any Security Document parties hereto (both on its own behalf and on behalf of any of its Affiliates that is a beneficiary of any Security Document) also acknowledges that it will, independently and without reliance upon the Collateral Trustee, 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 this Agreement and the other Credit Documents. Neither the Collateral Trustee nor the Collateral Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Person with any credit or other information with respect thereto, whether coming into its possession before the issuance of any Letter of Credit or at any time or times thereafter.

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 claim, damages, losses, liabilities, obligations, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable fees and disbursements of counsel) 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 other Credit Document or any action taken or omitted by the Agent under this Agreement or any other Credit Document (EXPRESSLY INCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF THE AGENT, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE AGENT). IT IS THE INTENT OF THE PARTIES HERETO THAT THE AGENT SHALL, TO THE EXTENT PROVIDED IN

THIS SECTION 7.05, BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE. 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 other agents, Collateral Trustee, Co-Syndication Agents and the Documentation Agent have no duties or obligations under this Agreement. None of the other agents, Collateral Trustee, Co-Syndication Agents or the Documentation Agent shall have, by reason of this Agreement, the Notes or any other Credit Document 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 other agents, Collateral Trustee, Co-Syndication Agents or the Documentation Agent any obligation in respect of this Agreement or the Notes or any other Credit Document.

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, (g) amend, waive any provision of, or consent to any departure by any Borrower from, Section 2.04(c) or this Section 8.01 or (h) release any of the Collateral (except as contemplated by the terms of Section 5.02(1) and Schedule VII on the date hereof); 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 CUSA, as Agent, to its address at 2 Penns Way, Suite 200, New Castle, Delaware 19720 (telecopier number: (302) 894-6120), Attention: Williams Account Officer, with a copy to Citicorp North America, Inc., 1200 Smith Street, Suite 2000, Houston, Texas 77002 (telecopier number: (713) 654-2849), 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 any other Credit Document 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, the Collateral Trustee, the Surety Administrative Agent 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, the other Credit Documents 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 or any Guarantor of any Note of such Borrower, this Agreement or any Credit Document.

(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 (EXPRESSLY INCLUDING ANY

SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNIFIED PARTY, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY). IT IS THE INTENT OF THE PARTIES HERETO THAT EACH INDEMNIFIED PARTY SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 8.04(C), BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE.

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, the other Credit Documents and the Notes, if any, held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement the other Credit Documents 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, the Notes, if any, and the other Credit Documents shall be governed by, and construed in accordance with, the laws of the State of New York, except that Mortgages and Additional Mortgages may, to the extent provided therein, be governed by and construed in accordance with the laws of the respective states in which the real property is covered thereby is located.

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. [Intentionally Omitted]

Section 8.13. 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 8.13, 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 basis, 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 8.13.

Section 8.14. 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, ANY OTHER CREDIT DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY.

Section 8.15. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Credit Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 8.16. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY CREDIT DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE BANKS OR ANY BORROWER IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE COUNTY OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWERS IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 8.02. THE BORROWERS HEREBY EXPRESSLY AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT SUCH BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE CREDIT DOCUMENTS.

Section 8.17. Existing Defaults of No Effect. Any default which has occurred and is continuing under the Existing Agreement, if any, shall, upon the satisfaction of the conditions set forth in Section 3.01, be deemed to be fully and completely remedied and of no

further force and effect, except to the extent that the event or condition causing such default shall constitute a Default or an Event of Default under this Agreement.

[Signatures follow.]

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 /s/ James G. Ivey
Name: James G. Ivey
Title: Treasurer

TEXAS GAS TRANSMISSION CORPORATION

By /s/ James G. Ivey
Name: James G. Ivey
Title: Treasurer

TRANSCONTINENTAL GAS PIPE LINE
CORPORATION

By /s/ James G. Ivey
Name: James G. Ivey
Title: Treasurer

NORTHWEST PIPELINE CORPORATION

By /s/ James G. Ivey
Name: James G. Ivey
Title: Treasurer

AGENT:

CITICORP USA, INC., as Agent

By /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK), as Co-Syndication
Agent

By /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG,
as Co-Syndication Agent

By /s/ Harry Yergey
Name: Harry Yergey
Title: Senior Vice Pres. and Manager

By /s/ Brian Campbell
Name: Brian Campbell
Title: Senior Vice President

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH
as Documentation Agent

By /s/ Olivier Audemard
Name: Olivier Audemard
Title: V.P.

BANKS:

CITICORP USA, INC.

By   /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA

By
Name:
Title:

BANK OF AMERICA, N.A.

By /s/ Claire M. Liu
Name: Claire M. Liu
Title: Managing Director

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By /s/ Jeanie C. Gonzalez
Name: Jeanie C. Gonzalez
Title: Director

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK)

By /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN BRANCHES

By /s/ Brian Campbell
Name: Brian Campbell
Title: Senior Vice President

By /s/ W. David Suttles
Name: W. David Suttles
Title:

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Olivier Audermard
Name: Olivier Audermard
Title: Senior V.P.

ABN AMRO BANK, N.V.

By /s/ Frank R. Russo, Jr.
Name: Frank R. Russo, Jr.
Title: Group Vice President

By /s/ Jeffrey G. White
Name: Jeffrey G. White
Title: Vice President

BANK OF MONTREAL

By /s/ Mary Lee Latta
Name: Mary Lee Latta
Title: Director

THE BANK OF NEW YORK

By   /s/ Raymond J. Palmer
Name: Raymond J. Palmer
Title: Vice President

BARCLAYS BANK PLC

By /s/ Nicholas A. Bell
Name: Nicholas A. Bell
Title: Director

CIBC INC.

By /s/ George Knight
Name: George Knight
Title: Managing Director

CREDIT SUISSE FIRST BOSTON

By /s/ James P. Moran
Name: James P. Moran
Title: Director

By /s/ Ian W. Nalitt
Name: Ian W. Nalitt
Title: Associate

ROYAL BANK OF CANADA

By /s/ Peter Barnes
Name: Peter Barnes
Title: Senior Manager

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

By /s/ Kelton Glassock
Name: Kelton Glassock
Title: Vice President and Manager

By /s/ Jay Fort
Name: Jay Fort
Title: Vice President

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By /s/ Matthew W. Speh
Name: Matthew W. Speh
Title: Authorized Officer

SOCIETE GENERALE, SOUTHWEST AGENCY

By /s/ J. Douglas McMurrey, Jr.
Name: J. Douglas McMurrey, Jr.
Title: Managing Director

TORONTO DOMINION (TEXAS), INC.

By /s/ Jill Hall
Name: Jill Hall
Title: Vice President

UBS AG, STAMFORD BRANCH

By
Name:
Title:

By
Name:
Title:

WELLS FARGO BANK TEXAS, N.A.

By /s/ J. Alan Alexander
Name: J. Alan Alexander
Title: Vice President

WESTLB AG, NEW YORK BRANCH

By /s/ Duncan M. Robertson
Name: Duncan M. Robertson
Title: Director

By
Name:
Title:

CREDIT AGRICOLE INDOSUEZ

By /s/ Larry Materi
Name: Larry Materi
Title: Vice President

By /s/ Paul A. Dytrych
Name: Paul A. Dytrych
Title: Vice President

SUNTRUST BANK

By /s/ Steven J. Newby
Name: Steven J. Newby
Title: Director

ARAB BANKING CORPORATION (B.S.C.)

By   /s/ Robert J. Ivosevich
Name: Robert J. Ivosevich
Title: Deputy General Manager

By   /s/ Barbara C. Sanderson
Name: Barbara C. Sanderson
Title: VP Head of Credit

BANK OF CHINA, NEW YORK BRANCH

By /s/ William Warren Smith
Name: William Warren Smith
Title: C.L.O.

BANK OF OKLAHOMA, N.A.

By /s/ Robert D. Mattax
Name: Robert D. Mattax
Title: Senior Vice President

BNP PARIBAS, HOUSTON AGENCY

By /s/ Larry Robinson
Name: Larry Robinson
Title: Vice President

By /s/ Mark A. Cox
Name: Mark A. Cox
Title: Director

DZ BANK AG DEUTSCHE ZENTRAL-
GENOSSENSCHAFTSBANK, NEW YORK BRANCH

By /s/ Mark Connelly
Name: Mark Connelly
Title: Senior V.P.

By /s/ Richard W. Wilbert
Name: Richard W. Wilbert
Title: Vice President

KBC BANK N.V.

By /s/ Robert Snauffer
Name: Robert Snauffer
Title: First Vice President

By /s/ Eric Raskin
Name: Eric Raskin
Title: Vice President

WACHOVIA BANK, N.A.

By /s/ David E. Humphreys
Name: David E. Humphreys
Title: Vice President

MIZUHO CORPORATE BANK, LTD

By /s/ Jacques Azagury
Name: Jacques Azagury
Title: Senior Vice President and Manager

SUMITOMO MITSUI BANKING CORPORATION

By /s/ Leo E. Pagarigan
Name: Leo E. Pagarigan
Title: Senior Vice President

COMMERCE BANK, N.A.

By /s/ Dennis R. Block
Name: Dennis R. Block
Title: Senior Vice President

ROYAL BANK OF SCOTLAND

By /s/ Charles Greer
Name: Charles Greer
Title: Senior Vice President

RZB FINANCE, LLC

By
Name:
Title:

SCHEDULE I

APPLICABLE LENDING OFFICES

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
Citicorp USA, Inc.	Citicorp USA, Inc. 399 Park Avenue New York, New York 10043 Notices: Citicorp USA, Inc. c/o Citibank, N.A. Two Penns Way, Suite 200 New Castle, DE 19729 Telecopier: (302) 894-6120 Attn: The Williams Companies, Inc. Account Officer with copy 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	Citicorp USA, Inc. 399 Park Avenue New York, New York 10043 Notices: Citicorp USA, Inc. c/o Citibank, N.A. Two Penns Way, Suite 200 New Castle, DE 19729 Telecopier: (302) 894-6120 Attn: The Williams Companies, Inc. Account Officer with copy 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
Mizuho Corporate Bank, Limited New York Branch	Mizuho Corporate Bank, Limited New York Branch 1251 Avenue of the Americas New York, New York 10020 Notices: Mizuho Corporate Bank, Limited Harborside Financial Center, 17th Floor 1800 Plaza Ten Jersey City, New Jersey 07311 Telecopier: (201) 626-9134 Telephone: (201) 626-9943 Attn: Sophia White-Larmond with copy to: Mizuho Corporate Bank, Limited One Houston Center 1221 McKinney Street Houston, Texas 77010 Telecopier: (713) 759-0717 Telephone: (713) 650-7828 Attn: Scott Chappell	Mizuho Corporate Bank, Limited New York Branch 1251 Avenue of the Americas New York, New York 10020 Notices: Mizuho Corporate Bank, Limited Harborside Financial Center, 17th Floor 1800 Plaza Ten Jersey City, New Jersey 07311 Telecopier: (201) 626-9134 Telephone: (201) 626-9943 Attn: Sophia White-Larmond with copy to: Mizuho Corporate Bank, Limited One Houston Center 1221 McKinney Street Houston, Texas 77010 Telecopier: (713) 759-0717 Telephone: (713) 650-7828 Attn: Scott Chappell

Exhibit F-1

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
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 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 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
Bank One, NA (Chicago)	Bank One, NA 1 Bank One Plaza 0634, 1 FNP, 10 Chicago, Illinois 60670 Telephone: (312) 732-5219 Telecopier: (312) 732-4840 Attn:	Bank One, NA 1 Bank One Plaza IL 10634 Chicago, Illinois 60670 Telephone: Telecopier: Attn:
JPMorgan Chase Bank	JPMorgan Chase Bank 270 Park Avenue, 21st Floor New York, New York 10017 Telecopier: (212) 270-3897 Telephone: (212) 270-4676 Attn: Peter Ling	JPMorgan Chase Bank 270 Park Avenue, 21st Floor New York, New York 10017 Telecopier: (212) 270-3897 Telephone: (212) 270-4676 Attn: Peter Ling

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
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, 79tb Floor New York, New York 10048 Telecopier: (212) 488-8216 Telephone: (212) 898-2099 Attn: Tina Catapano
National Westminster Bank PLC	National Westminster Bank PLC New York Branch 101 Park Avenue, 12th Floor New York, New York 10178 Telecopier: (212) 401-1494 Telephone: (212) 401-1406 Attn: Sheila Shaw with copy to: National Westminster Bank PLC 600 Travis Street, Suite 6070 Houston, Texas 77002 Telecopier: (713) 221-2430 Telephone: (713) 221-2400 Attn: Jill Gander	National Westminster Bank PLC New York Branch 101 Park Avenue, 12th Floor New York, New York 10178 Telecopier: (212) 401-1494 Telephone: (212) 401-1406 Attn: Sheila Shaw with copy to: National Westminster Bank PLC 600 Travis Street, Suite 6070 Houston, Texas 77002 Telecopier: (713) 221-2430 Telephone: (713) 221-2400 Attn: Jill Gander
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

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
	with copy 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 copy 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
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

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
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
Fleet National Bank, f/k/a BankBoston, N.A.	Fleet National Bank 100 Federal Street, MA DE 10006A Boston, MA 02110 Telecopier: (617) 434-4775 Telephone: (617) 434-5327 Attn: Lynn Duncan, Loan Administrator	Fleet National Bank 100 Federal Street, MA DE 10006A Boston, MA 02110 Telecopier: (617) 434-4775 Telephone: (617) 434-5327 Attn: Lynn Duncan, 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, Stamford Branch	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

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
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 N.E., 4th Floor Atlanta, Georgia 30308 Telecopier: (404) 230-1800 Telephone: (404) 658-4916 Attn: Steve Newby	SunTrust Bank 303 Peachtree Street N.E., 4th Floor Atlanta, Georgia 30308 Telecopier: (404) 230-1800 Telephone: (404) 658-4916 Attn: Steve Newby
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

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
DZ Bank	DZ Bank 609 Fifth Avenue New York, New York 10017 Telecopier: (212) 745-1556 Telephone: (212) 745-1560 Attn: Mark K. Connelly	DZ 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 copy 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: SVMBK 420515/SUMBK Telecopier: (212) 224-5197 with copy 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

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
Wachovia Bank, National Association	Wachovia Bank, National Association 1001 Fannin Street, Suite 2255 Houston, TX 77002 Telecopier: (713) 346-2717 Telephone: (713) 650-6354 Attn: David Humphreys	Wachovia Bank, National Association 1001 Fannin Street, Suite 2255 Houston, TX 77002 Telecopier: (713) 346-2717 Telephone: (713) 650-6354 Attn: David Humphreys
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 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 III

OUTSTANDING LETTERS OF CREDIT

SCHEDULE IV

EXISTING PROJECTS

1. Gulfstream
2. Devil's Tower
3. PIGAP II Project
4. Gulf Liquids

SCHEDULE V

STORAGE LEASE

On July 18, 2001 Williams Midstream Natural Gas Liquids, Inc. ("WMNGL"), as sublessor, and Liberty Gas Storage LLC ("Liberty"), as sublessee, entered into a sublease agreement whereby, upon satisfaction of certain conditions precedent by the sublessee, WMNGL would sublease certain sulphur mines located in Calcasieu, Louisiana to Liberty for the development of natural gas storage facilities.

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement (this "Agreement"), is dated as of ____________ , 2002, by and between LIBERTY GAS STORAGE PARTNERS, L.P., a Delaware limited partnership ("Liberty"), and CITIBANK, N.A., as collateral agent (the "Agent") for certain lenders (the "Lenders") described below.

RECITALS

A. WHEREAS, Liberty is the sublessee (by assignment from Liberty Gas Storage LLC, a Delaware limited liability company) under the Sublease Agreement dated July 18, 2001 (the "Sublease"), with WILLIAMS MIDSTREAM NATURAL GAS LIQUIDS, INC., a Delaware corporation ("Williams"), as sublessor. The Sublease covers a portion of certain lands, including pipeline corridors and access rights of way, as well as certain salt caverns located thereon and associated equipment, insofar and only insofar as same affect the following described property situated in the Parish of Calcasieu, Louisiana:

[Part of Sections 17, 20, 29, 32, Township 9 South, Range 10 West, and more particularly described on Exhibit A-1, and shown on Exhibit A-5 attached hereto and made a part hereof.] [verify]

The term "Liberty Leased Assets" shall mean such property subleased by Williams to Liberty, as described and defined in the Sublease.

B. The subleasehold estate created by the Sublease is a portion of the leasehold estate created by the Lease Agreement dated January 1, 1991 (the "Burlington Lease") between Union Texas Petroleum Corporation and Union Texas Products Corporation, recorded in Conveyance Book 2235, page 260, under Clerk's File No. 2085889, in Calcasieu Parish, Louisiana. By various intermediate conveyances, the current lessor under the Burlington Lease is Burlington Resources Corporation [verify] and the current lessee under the Burlington Lease is Williams.

C. Williams has granted a mortgage dated __________, 2002 (the "Mortgage") recorded in Mortgage Book ___ , Page ___ , under Clerk File No. ___, in Calcasieu Parish, Louisiana, encumbering the leasehold estate and other rights of Williams under the Burlington Lease to the Agent, for the benefit of the Lenders from time to time parties ______________________ [INSERT description of loan].

D. WHEREAS, Liberty has requested that the Agent agree not to disturb Liberty's possessory rights in the Liberty Leased Assets in the event the Agent should foreclose on the Mortgage, provided the Sublease is then in full force and effect and provided further that Liberty attorns to the Agent or the purchaser at any foreclosure sale of the leasehold estate under the Burlington Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, Liberty and Agent hereby agree as follows:

Section 1. Subordination. Subject to the express terms of this Agreement, Liberty agrees that the Sublease, as the same may be modified, amended or extended, and the subleasehold estate created thereby, and all of the rights, remedies and options of Liberty thereunder, are and shall at all times continue to be subject and subordinate in all respects to the Mortgage and the lien thereof, and to all rights of Agent thereunder, including, without limitation, all renewals, increases, modifications, consolidations and extensions thereof.

Section 2. Non-Disturbance. Agent agrees that if any action or proceeding is commenced by Agent for the foreclosure of the Mortgage and the seizure and sale of the Liberty Leased Assets as part of the leasehold estate under the Burlington Lease, or if Agent acquires the Liberty Leased Assets, whether through foreclosure or deed in lieu of foreclosure (or dation en paiement), Agent shall maintain Liberty in possession under the terms of the Sublease, provided that at such time the Sublease shall be in full force and effect and shall not have expired or been terminated.

Section 3. Attornment. Liberty agrees that if the Agent, any of the Lenders or a purchaser at a sheriff's sale (each a "Transferee") shall become the owner of the Liberty Leased Assets by reason of the foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure (or dation en paiement) (a "Transfer Event"), and provided that at such time the Sublease shall be in full force and effect and shall not have expired or been terminated, the Sublease shall not be terminated or affected thereby, but shall continue in full force and effect as a direct sublease between Liberty and such Transferee upon all the terms, covenants and conditions set forth in the Sublease. Upon such a Transfer Event, Liberty agrees to attorn to such Transferee as sublessor under the Sublease, and to be bound by and perform all of the obligations imposed by the Sublease on the sublessee thereunder. Also, upon such a Transfer Event, the Transferee will be bound by all of the obligations imposed by the Sublease on the sublessor; provided, however, that such Transferee shall not be: (i) liable for any act or omission of Williams, provided that the foregoing shall not be deemed to relieve such Transferee from the obligation to perform any obligation of the sublessor under the Sublease which obligation (a)

remains unperformed at the time that such Transferee succeeds to the interest of sublessor under the Sublease and (b) is made known to Transferee and Transferee is provided notice and given the same opportunity to cure as afforded Williams under the Sublease; or (ii) bound by any rent which Liberty might have paid under the Sublease for more than one month in advance, unless actually received by such Transferee; or (iii) bound by any amendment or modification of the Sublease that could have a material adverse affect on Agent's rights as a secured party; or (iv) subject to any offsets or defenses that Liberty might have against Williams (or any prior sublessor, if applicable) unless Transferee has been given written notice thereof and the same opportunity to cure as afforded Williams under the Sublease.

Section 4. Covenants of Liberty. Liberty covenants and agrees that contemporaneously with any written notice sent by Liberty to Williams of a default by Williams under the Sublease, Liberty shall contemporaneously send a copy of such default notice to the Agent.

Section 5. Disclaimer by Agent. Notwithstanding any of the provisions hereof, Agent shall have no obligation in favor of Liberty to perform any term, covenant or condition contained in the Sublease, unless and until Agent acquires ownership of the Liberty Leased Assets through foreclosure, deed in lieu of foreclosure (or dation en paiement) or otherwise.

Section 6. New Lease. Upon the written request of either Liberty or a Transferee to the other given within thirty (30) days after any Transfer Event, Liberty and such Transferee shall execute a new sublease of the Liberty Leased Assets upon the same terms and conditions as the Sublease, which new sublease shall cover any unexpired term of the Sublease existing prior to such Transfer Event.

Section 7. Notices. Any notice or other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly dispatched if delivered in person, sent by a nationally recognized overnight courier (fee prepaid), mailed by certified mail (postage prepaid return receipt requested), or transmitted by telecopier to the address as set forth below. The following are the addresses of the parties:

LIBERTY:

Liberty Gas Storage Partners, L.P.
2929 BriarPark, Suite 140
Houston, Texas 77042
Attention: ____________________
Facsimile: (713) 781-4966

AGENT:
Citibank, N. A.
Collateral Trustee
111 Wall Street
New York, New York 10043
telecopier number: (212) 657-3862
Attention: Edward Morelli

with a copy to:
Citicorp North America, Inc.,
1200 Smith Street, Suite 2000
Houston, Texas 77002
telecopier number: (713) 654-2849)
Attention: The Williams Companies, Inc. Account Officer

Section 8. Amendment. Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated orally or in any manner other than by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

SECTION 9. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF LOUISIANA, EXCLUDING THE LOUISIANA LAW OF CONFLICTS.

Section 10. Successors. This Agreement shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 11. Counterparts. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

Executed by the duly authorized representatives of Liberty and the Agent as of the date hereinabove first written.

LIBERTY GAS STORAGE ____________

By:________________________________,

Its:____________________________

By:_____________________________

Name:________________________

Title:_______________________

CITIBANK, as Collateral Agent

By:__________________________________

Name:__________________________

Title:_________________________

STATE OF TEXAS
COUNTY OF __________

BEFORE ME, the undersigned Notary Public duly commissioned qualified and sworn within and for the State and County written above, personally came and appeared _______________, to me personally known, and who being by me duly sworn, did say that he is the authorized ____________ of _______________________, the _________ of LIBERTY GAS STORAGE ______________________, whose name is subscribed to the foregoing Subordination, Non-Disturbance and Attornment Agreement, and that he executed the foregoing Subordination, Non-Disturbance and Attornment Agreement by authority of said company's __________________ on behalf of said company as its free act and deed.

THUS DONE AND SIGNED before me and the two undersigned witnesses in the County and State aforesaid, on this ___ day of [___________], 2002. Witness my hand and official seal.

WITNESSES:

- --------------------------   ------------------------

Name: --------------------   Name: -------------------

- --------------------------

Name: --------------------

NOTARY PUBLIC

Seal

My Commission expires:

STATE OF NEW YORK

COUNTY OF NEW YORK

BEFORE ME, the undersigned Notary Public duly commissioned qualified and sworn within and for the State and County written above, personally came and appeared _______________, to me personally known, and who being by me duly sworn, did say that he is the authorized ____________ of CITIBANK, N.A., as Collateral Agent, whose name is subscribed to the foregoing Subordination, Non-Disturbance and Attornment Agreement, and that he executed the foregoing Subordination, Non-Disturbance and Attornment Agreement by authority of said company's __________________ on behalf of said company as its free act and deed.

THUS DONE AND SIGNED before me and the two undersigned witnesses in the County and State aforesaid, on this ___ day of [___________], 2002. Witness my hand and official seal.

WITNESSES:

- --------------------------   ------------------------

Name: --------------------   Name: -------------------

- --------------------------

Name: --------------------

NOTARY PUBLIC

Seal

My Commission expires:

EXHIBIT A-1

[Attach legal description from Sublease]

SCHEDULE VI

PERMITTED LIENS

(a) (i) Any Lien existing on any property at the time of the acquisition thereof and not created in contemplation of such acquisition by any Borrower or any of its Subsidiaries, whether or not assumed by any Borrower or any of its Subsidiaries, (ii) purchase money, construction or analogous Liens securing obligations incurred in connection with or financing the direct or indirect costs of or relating to the acquisition, construction (including design, engineering, installation, testing and other related activities), development (including drilling), improvement, repair or replacement of property (including such Liens securing Debt or other obligations incurred in connection with the foregoing or within 30 days of the later of (x) the date on which such Property was acquired or construction, development, improvement, repair or replacement thereof was complete or (y) if applicable, the final "in service" date for commencement of full operations of such property), provided that all such Liens attach only to the property acquired, constructed, developed, improved or repaired or constituting replacement property, and the principal amount of the Debt or other obligations secured by such Lien, together with the principal amount of all other Debt secured by a Lien on such property, shall not exceed the gross acquisition, construction, replacement and other costs specified above of or for the property, (iii) Liens on receivables created pursuant to a sale, securitization or monetization of such receivables, and Liens on rights of any Borrower or any Subsidiary related to such receivables which are transferred to the purchaser of such receivables in connection with such sale, securitization or monetization; provided that the Liens secure only the obligations of any Borrower or any of its Subsidiaries in connection with such sale, securitization or monetization, (iv) Liens created by or reserved in any operating lease (whether for real or personal property) entered into in the ordinary course of business (excluding Synthetic Leases) provided that the Liens created thereby (1) attach only to the Property leased to any Borrower or one of its Subsidiaries, pursuant to such operating lease and (2) secure only the obligations under such lease and supporting documents that do not create obligations other than with respect to the leased property (including for rent and for compliance with the terms of the lease), (v) Liens on property subject to a Capital Lease created by such Capital Lease and securing only obligations under such Capital Lease and supporting documents that do not create obligations other than with respect to the leased property, (vi) any interest or title of a lessor in the property subject to any Capital Lease, Synthetic Lease or operating lease, (vii) Liens in the form of filed Uniform Commercial Code or personal property security statements (or similar filings outside Canada and the United States) to perfect any Permitted Lien, and (viii) Liens on up to four aircraft owned or leased by any Borrower or any Subsidiary of any such Borrower.

(b) Any Lien existing on any property of a Subsidiary of any Borrower at the time it becomes a Subsidiary of such Borrower and not created in contemplation thereof and any Lien existing on any property of any Person at the time such Person is merged or liquidated into or consolidated with any such Borrower or any Subsidiary thereof and not created in contemplation thereof.

(c) Mechanics', materialmen's, workmen's, warehousemen's, carrier's, landlord's or other similar Liens arising in the ordinary course of business securing amounts incurred 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.

(d) Liens arising by reason of pledges, deposits or other security to secure payment of workmen's compensation insurance or unemployment insurance, pension plans or systems and other types of social security, and good faith deposits or other security to secure tenders or leases of property or bids, in each case to secure obligations of any Borrower or any of its Subsidiaries under such insurance, tender, lease, bid or contract, as the case may be; provided, however, that the only Liens permitted by this paragraph (d) shall be Liens incurred in the ordinary course of business that do not secure any Debt or accounts payable (other than accounts payable to the counterparties or obligees applicable to the foregoing).

(e) Liens on deposits or other security given to secure public or statutory obligations, or to secure or in lieu of surety bonds (other than appeal bonds) and deposits as security for the payment of taxes or assessments or other similar charges, in each case to secure obligations of any Borrower or any of its Subsidiaries arising in the ordinary course of business; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (e) shall not exceed 10% of Consolidated Tangible Net Worth of the Borrower.

(f) 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 any Borrower or any of its Subsidiaries of any business or the exercise by any Borrower or any of its Subsidiaries of any privilege or license, (ii) to enable any 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 any Borrower or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.

(g) Liens incurred in the ordinary course of business upon rights-of-way securing obligations (other than Debt and trade payables) of any Borrower or any of its Subsidiaries.

(h) 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.

(i) 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.

(j) The Lien of taxes, customs duties or other governmental charges or assessments that are not at the time determined (or, if determined, are not at the time delinquent), or that are delinquent but the validity of which is being contested in good faith by any 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 any Borrower, as the case may be.

(k) The Lien reserved in (i) 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 or personal property leasehold estates or (ii) leases and sub-leases granted to others that do not materially interfere with the ordinary course of business of any Borrower and its Subsidiaries, taken as a whole.

(l) 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 any Borrower and its Subsidiaries, taken as a whole.

(m) Easements, exceptions or reservations in any property of any Borrower or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, equipment, 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, or in favor of governmental authorities or public utilities, in each case above which do not materially impair the use of such property for the purposes for which it is held by any Borrower or such Subsidiary.

(n) Rights reserved to or vested in any municipality or public authority to control or regulate any property of any 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 any Borrower or such Subsidiary.

(o) Any obligations or duties, affecting the property of any Borrower or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.

(p) The Liens of any judgments in an aggregate amount for any Borrower and all of its Subsidiaries (i) not in excess of $8,500,000, the execution of which has not been stayed and (ii) not in excess of $40,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary, by a stay or appeal bond or other security of similar effect and stay or appeal bonds in respect of the judgments permitted in clause (ii).

(q) Zoning laws and ordinances.

(r) Liens existing on July 1, 2002, that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002 and listed on Schedule IX as secured by such Liens.

(s) Liens existing on July 1, 2002 (i) that cover only immaterial assets and (ii) that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002.

(t) Liens reserved in customary oil, gas and/or mineral leases for bonus or rental payments and for compliance with the terms of such leases and Liens reserved in customary operating agreements, farm-out and farm-in agreements, exploration agreements, development agreements and other similar agreements for compliance with the terms of such agreements; provided that (i) such Liens do not secure Debt or accounts payable (other than obligations under such lease or

agreement, as the case may be) and (ii) such leases and agreements are entered into in the ordinary course of business.

(u) Liens arising in the ordinary course of business out of all presently existing and future division and transfer orders, advance payment agreements, processing contracts, gas processing plant agreements, operating agreements, gas balancing or deferred production agreements, participation, joint venture, joint operating, pooling, unitization or communitization agreements, pipeline, gathering or transportation agreements, tariffs, platform agreements, drilling contracts, injection or repressuring agreements, cycling agreements, construction agreements, salt water or other disposal agreements, leases, sub-leases or rental agreements, royalty interests, overriding royalty interests, farm-out and farm-in agreements, exploration and development agreements, and any and all other contracts or agreements covering, arising out of, used or useful in connection with or pertaining to the exploration, development, operation, production, sale, use, purchase, exchange, storage, separation, dehydration, treatment, compression, gathering, transportation, processing, improvement, marketing, disposal or handling of any property of a Person (each such order, agreement or contract being a "Subject Document"), provided that and to the extent that (i) such Subject Documents are entered into the ordinary course of business and contain terms customary for such documents in the industry, (ii) such permitted Liens shall not include any security interests in accounts receivable or other receivables and do not secure Debt or accounts payable (other than accounts payable arising under the particular Subject Document that creates the Lien), and (iii) such Subject Documents do not create nor do such Liens secure Financing Transactions.

(v) Liens arising by law under Section 9.343 of the Texas Uniform Commercial Code or similar statutes of states other than Texas.

(w) Liens arising pursuant to the L/C Collateral Documents which secure the obligations of the Borrowers and their Subsidiaries under this Agreement and the L/C Agreement and certain public debt of TWC, including Liens securing Letters of Credit resulting from the Cash Collateralization thereof in accordance with Section 6.2 of the L/C Agreement.

(x) Liens (i) in existence prior to the date hereof in the nature of a right of offset or netting of cash amounts owed arising in the ordinary course of business (and Liens on the trading receivables owed by any trading counterparty and/or affiliate thereof to a Borrower or any affiliate thereof granted by a Borrower or any such affiliate thereof under agreements commonly in use in the industry of a Borrower or such affiliate, but solely to secure the offset or netting rights of such trading counterparty and/or affiliates thereof to the payment of such trading receivables arising from and to the extent of the trading obligations of a Borrower or any affiliate thereof to such trading counterparty or its affiliates) and (ii) Liens in the nature of a right of offset or netting of cash amounts owed arising in the ordinary course of business granted by EMT to any of EMT's trading counterparties and/or affiliates thereof solely to secure the obligations of EMT to such trading counterparty and/or affiliates thereof (and the offset or netting rights of such trading counterparty and/or affiliates thereof related thereto), including, with respect to EMT only, Liens for such purposes on the trading receivables of EMT arising from amounts owed by such trading counterparty and/or affiliates thereof to EMT; provided,

however, that no such Liens granted by EMT shall in any way create rights of offset or netting or Liens against a Borrower or any Subject Subsidiary or their respective Assets.

(y) Any Lien not permitted by paragraphs (a) through (x) above or (z) through (ii) below securing Debt or Specified Escrow Arrangements of the Borrower or any of its Subsidiaries if at the time of, and after giving effect to, the creation or assumption of any such Lien, the aggregate (without duplication) of the principal or equivalent amount of all Debt of a Borrower and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (x) above or (z) through (ii) below plus the amount of Attributable Obligations (other than those relating to Liens described in clause (a)(viii)) of a Borrower and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.02(l) which does not exceed $100,000,000.

(z) To the extent applicable, 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.

(aa) Any option or other agreement to purchase any property of any Borrower or any Subsidiary the purchase, sale or other disposition of which is not prohibited by any other provision of this Agreement.

(bb) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds and products thereof.

(cc) Liens on the products and proceeds (including insurance, condemnation and eminent domain proceeds) of and accessions to, and contract or other rights (including rights under insurance policies and product warranties) derivative of or relating to, property permitted to be subject to Liens under this Agreement but subject to the same restrictions and limitations herein set forth as to Liens on such property (including the requirement that such Liens on products, proceeds, accessions and rights secure only obligations that such property is permitted to secure).

(dd) Liens on the Property of a Project Finance Subsidiary or the Equity Interests in such Project Finance Subsidiary securing the Non-Recourse Debt of such Project Finance Subsidiary.

(ee) Liens on cash and short-term investments incurred in the ordinary course of business, consistent with past practice and not for the purpose of securing Debt (i) deposited by any Borrower or any of its Subsidiaries in margin accounts with or on behalf of futures contract brokers or other counterparties or (ii) pledged by any Borrower or any of its Subsidiaries, in the case of each of clauses (i) and (ii) above, to secure its obligations with respect to (x) contracts (including without limitation, physical delivery, option (whether cash or financial), exchange, swap and futures contracts) for the purchase or sale of any energy-related commodity or (y) interest rate or currency rate management contracts.

(ff) Liens securing Debt of Apco Argentina, Inc. and/or its Subsidiaries; provided that such Liens shall only apply to assets owned directly by Apco Argentina, Inc. and/or its Subsidiaries.

(gg) Liens securing the Barrett Loan.

(hh) Liens securing Permitted Refinancing Debt (as defined below) (and related obligations) covering the substantially the same collateral) securing (immediately prior to such refinancing) the Debt Refinanced (as defined below) by such Permitted Refinancing Debt; provided that: (i) the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of the Debt Refinanced (plus the amount of penalties, premiums (including required premiums and the amount of any premiums reasonably determined by any Borrower being in its best economic interest and as necessary to accomplish such Refinancing by means of a tender offer or privately negotiated repurchase), fees, accrued interest and reasonable expenses and other obligations incurred in connection therewith) at the time of refinancing; and (ii) such Debt is incurred either by any Borrower or by such Subsidiary that is the obligor of the Debt being Refinanced. "Permitted Refinancing Debt" means any Debt of any Borrower or any of its Subsidiaries issued to Refinance other Debt of any Borrower or any such Subsidiaries. "Refinance" means, in respect of any Debt, to refinance, extend, renew, refund, repay, prepay, replace, acquire, redeem, defease or retire, or to issue other Debt in exchange or replacement, directly or indirectly for, such Debt in whole or in part.

(ii) Liens extending, renewing or replacing any of the foregoing Liens, provided that the principal amount of the Debt or other obligation secured by such Lien is not increased or the maturity thereof shortened and such Lien is not extended to cover any additional Debt, obligations or property, other than like obligations of no greater principal amount and the substitution of like property (or specific categories of property of the same grantor to the extent the terms of the Lien being extended, renewed or replaced, extended to or covered such categories of property) of no greater value.

(jj) Liens securing the obligations under that certain Master Agreement dated as of March 6, 2000 among TWC as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of TWC, as Lessees, Atlantic Financial Group, Ltd, as Lessor, the Lenders party thereto, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent as amended, supplemented or otherwise modified.

(kk) Liens on cash deposits in the nature of a right of setoff, banker's lien, counterclaim or netting of cash amounts owed arising in the ordinary course of business on deposit accounts permitted pursuant to Section 5.01(k) of this Agreement.

(ll) Liens securing the Legacy L/C's resulting from the cash collateralization thereof in accordance with Section 2.04(c) of this Agreement.

(mm) Liens occurring in, arising from, or associated with Specified Escrow Arrangements.

(nn) Liens granted in connection with (i) Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services Company, a Delaware corporation,

as Construction Agent, The Williams Companies, Inc., a Delaware corporation as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C, as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended, and related transaction documents and (ii) Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware Corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada N.A., (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended, and related transaction documents.

Schedule VII

PERMITTED DISPOSITIONS

1. Apco Argentina

- Apco Argentina, Inc.
- Apco Properties Ltd. (100%)
- Petrolera Perez Companc S.A. (33.6% - Currently in process of purchasing an additional 5.5%)

2. Energy International

- Energy International Corporation (owns "Gas to Liquids" technology).

3. Discovery

- Williams Energy, L.L.C. owns a 50% interest in Discovery Producer Services LLC (unregulated) which in turn is the sole member of Discovery Gas Transmission LLC (regulated).

4. Southern Ute (Collateral)

- Williams Field Services Company's interest in natural gas pipeline gathering systems totaling approximately 91 miles of pipeline in La Plata County, Colorado, together with all associated real property interests, shipper contracts, and governmental permits, licenses, orders, approvals, certificates of occupancy and other authorizations.

5. Dry Trail CO2 Recovery Plant (Collateral)

- Williams Field Services Company owns and operates a 50 MMcfd CO2 recovery plant in Texas County, Oklahoma located on 26 acres near the town of Hough, Oklahoma to remove and recycle CO2 at ExxonMobil's Postle field enhanced oil recovery project.

6. Aux Sable and Alliance Canada Marketing L.P.

- Williams Alliance Canada Marketing Inc. has a 14.604% interest in Alliance Canada Marketing Ltd. which owns a 1% interest in and is the general partner of Alliance Canada Marketing L.P. (the "Alliance LP"). Williams Alliance Canada Marketing Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Alliance LP.

- Williams Natural Gas Liquids Canada, Inc. has a 14.604% interest in Aux Sable Canada Ltd. which owns a 1% interest in and is the general partner of Aux Sable Canada LP (the "Canada LP"). Williams Natural Gas Liquids Canada, Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Canada LP.

- o Williams Natural Gas Liquids, Inc. has a 14.604% interest in Aux Sable Liquid Products Inc. which owns a 1% interest in and is the managing general partner of Aux Sable Liquid Products LP (the "Liquid LP"). Williams Natural Gas Liquids, Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Liquid LP.

7. Deepwater

Devil's Tower

- o The Devil's Tower floating production facility currently under construction that will be located on block 773 of Mississippi Canyon. The oil and gas export pipelines attached to the Devil's Tower Spar known as Canyon Chief and Mountaineer and associated pumps, compressors, platforms and other equipment.

Gunnison

- o The oil pipeline known as the Alpine Pipeline that begins at the Gunnison discovery and terminated at the platform located at GA 244.

Canyon Station

- o The Canyon Station fixed leg platform located at Main Pass block 261 which processes oil and gas production form deepwater wells located in Mississippi Canyon.

- o Equity of the Deepwater JV.

- o Collectively, the property referred to in this Item 8 shall be referred to as the "Deepwater Assets"; provided, that, for clarification, such assets are not subject to the Deepwater Transactions so long as such Deepwater Transactions are in full force and effect.

8. Gulf Liquids

- o Gulf Liquids New River Project, LLC and its assets and liabilities. Gulf Liquids New River Project LLC is 90% owned by Gulf Liquids Holdings, LLC, which is 100% owned by EM&T.

9. EM&T (Collateral)

- o Equity Interest in Williams Energy Marketing & Trading Company.

10. Worthington Generation, L.L.C. (Collateral)

- o Equity Interests and assets of Worthington Generation, L.L.C.

11. Williams Generation Company-Hazelton (Collateral)

    - Equity Interests and assets of Williams Generation Company-Hazelton.

12. Williams Energy (Canada), Inc. and its Subsidiaries

    - Equity Interests and assets of William Energy (Canada), Inc. and its Subsidiaries.

13. Those certain gathering and related assets owned by Goebel Gathering Company, L.L.C. and WFS Gathering Company, L.L.C. subject to purchase and sale agreements with Enbridge Pipelines (Texas Gathering) Inc. dated October 10, 2001 for a purchase price of approximately $9,000,000. (Collateral)

14. Property received from any sale, transfer or other disposition of Collateral made pursuant to Section 5.02(l). (Collateral)

15. Mapco Office Building. (Collateral)

16. For the avoidance of doubt, the disposition or redemption of the Class B Units in MLP shall not be a Permitted Disposition.

17. Interests in joint development arrangements existing on July 31, 2002 by Williams Energy Marketing & Trading Company, which are transferred as a result of Williams Energy Marketing & Trading Company's decision not to continue funding.

Schedule VIII

ADDITIONAL PUBLIC FILINGS

1. Consolidated Amended Complaint, In Re Williams Securities Litigation, Case No. 02-CV-72-H(M) in the United States District Court for the Northern District of Oklahoma.

Schedule IX

LIENS SECURING EXISTING DEBT/OBLIGATIONS

Liens existing on July 1, 2002, that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002 and listed on Schedule IX as secured by such Liens. See clause (r) on Schedule VI. Inclusion of the items on this Schedule shall not be deemed an admission or representation that such items are properly categorized as Debt or that they are secured.

1. Liens granted in connection with the Master Agreement dated as of March 6, 2000, among TWC, as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of TWC, as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent and the Lenders party thereto, as amended, and related transaction documents.

2. Liens granted in connection with the Joint Venture Sponsor Agreement dated as of December 28, 2000, among TWC, as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C. ("Investor"), Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended, and related transaction documents.

3. Liens granted in connection with the PPH Sponsor Agreement dated as Of December 31, 2001, by TWC, as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC ("Investor"), and other Indemnified Persons listed in the agreement, as amended, and related transaction documents.

4. Liens granted in connection with the Parent Support Agreement dated as of December 23, 1998, made by TWC in favor of Castle Associates L.P. ("Castle"), Colchester LLC ("Investor") and the other Indemnified Persons and Guaranteed Parties listed therein, as amended, and related transaction documents.

5. Liens granted in connection with the Loan Agreement dated as of March 17, 1998 Pine Needle LNG Company, LLC among Pine Needle LNG Company, LLC and Central Commercial Lending Institutions as the Lenders and Bank of Montreal as the agent for the Lenders, and related transaction documents.

6. Liens granted in connection with the Finance Agreement among WilPro Energy Services (El Furrial) Limited, Overseas Private Investment Corporation dated as of January 31, 1999, and related transaction documents.

7. Liens granted in connection with the Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams

Companies, Inc., Bank of Oklahoma, National Association and Bank of America, N.A. (f/k/a NationsBank of Texas, N.A.), as amended, and related transaction documents.

8. Liens granted in connection with the Loan Agreement dated as of March 31, 1988 between Pan-Alberta Resources Inc. and Canadian Imperial Bank of Commerce, as amended, and related transaction documents.

9. Liens granted in connection with the Turbine Financing and Agency Agreement, dated as of April 16, 2002, among Union Bank of California, N.A., WEMT Equipment Statutory Trust 2002, Union Bank of California, N.A., as administrative agent, and Williams Energy Marketing & Trading Company, and related transaction documents.

10. Liens granted in connection with the Amended and Restated LLC Loan Agreement dated as of June 9, 2000 among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, and the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions thereto, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

Schedule X

COMMITMENTS

as of October 31, 2002

Banks	TWC Commitment	NWP Commitment	TGPL Commitment	TGT Commitment
Mizuho Corporate Bank, Ltd.	$ 47,526,601.24	$ 35,500,000.00	$ 35,500,000.00	$ 17,750,000.00
The Bank of Nova Scotia	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
Bank of America, N.A.	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
Bank One, N.A.	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
JPMorgan Chase Bank (f/k/a The Chase Manhattan)	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
Citicorp USA, Inc.	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
Commerzbank AG	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
Credit Lyonnais New York Branch	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
National Westminster Bank PLC	22,870,782.29	17,083,333.33	17,083,333.33	8,541,666.67
ABN Amro Bank N.V.	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
Bank of Montreal	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
The Bank of New York	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
Barclays Bank PLC	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
CIBC Inc.	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
Credit Suisse First Boston	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
Royal Bank of Canada	18,742,885.00	14,000,000.00	14,000,000.00	7,000,000.00
The Bank of Tokyo-Mitsubishi, Ltd.	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
Fleet National Bank	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
Societe Generale	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
Toronto Dominion (Texas) Inc.	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
UBS AG, Stamford Branch	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
Wells Fargo Bank Texas, N.A.	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
WestLB AG, New York Branch	15,842,200.41	11,833,333.33	11,833,333.33	5,916,666.67
Credit Agricole Indosuez	8,813,618.54	6,583,333.34	6,583,333.34	3,291,666.64
Wachovia Bank, National Association	5,737,617.86	4,285,714.42	4,285,714.42	2,142,857.20
Arab Banking Corporation (B.S.C.)	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
Bank of China	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
Bank of Oklahoma, N.A.	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
BNP Paribas	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
DZ Bank AG	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
KBC Bank N.V.	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
Sumitomo Mitsui Banking Corporation	5,522,457.19	4,125,000.00	4,125,000.00	2,062,500.00
RZB Finance, LLC	3,319,052.22	2,479,166.68	2,479,166.68	1,239,583.33
Commerce Bank, N.A.	3,319,052.22	2,479,166.68	2,479,166.68	1,239,583.33
Suntrust Bank	3,076,000.68	2,297,618.93	2,297,618.93	1,148,809.45
TOTAL	$535,511,000.00	$400,000,000.00	$400,000,000.00	$200,000,000.00

SCHEDULE XI

RATING CATEGORIES

Pricing: Pricing is based upon the lower rating from S&P and Moody's, with respect to TWC's senior unsecured long-term debt. The pricing grid is as follows:

EURODOLLAR RATE ADVANCES

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
		*25% OF COMMITMENTS DRAWN	>25% OF COMMITMENTS DRAWN	
One	BB+ or Ba1 or higher	3.00%	3.25%	.75%
Two	BB or Ba2	3.50%	3.75%	.875%
Three	BB- or Ba3	4.00%	4.25%	1.00%
Four	B+ or B1	4.25%	4.50%	1.25%
Five	B or B2 or lower	4.50%	4.75%	1.50%

- ---------------
* less than or equal to

BASE RATE ADVANCES

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
		*25% OF COMMITMENTS DRAWN	>25% OF COMMITMENTS DRAWN	
One	BB+ or Ba1 or higher	1.75%	2.00%	.75%
Two	BB or Ba2	2.25%	2.50%	.875%
Three	BB- or Ba3	2.75%	3.00%	1.00%
Four	B+ or B1	3.00%	3.25%	1.25%
Five	B or B2 or lower	3.25%	3.50%	1.50%

- ---------------
* less than or equal to

SCHEDULE XII

PROGENY FACILITIES

Parent Support Agreement dated as of December 23, 1998, made by The Williams Companies, Inc. in favor of Castle Associates L.P., Colchester LLC, and the other Indemnified Persons and Guaranteed Parties listed therein, as amended. Notwithstanding anything herein to the contrary, for purposes of Section 2.04(c) of this Agreement, the outstanding amount of this Progeny Facility shall equal the outstanding Unrecovered Capital (as defined in the Castle Partnership Agreement) of the Limited Partner (as defined in the Castle Partnership Agreement) plus accrued and undistributed First Priority Return (as defined in the Castle Partnership Agreement) to be distributed to the Limited Partner in accordance with Section 4.01(a) of the Castle Partnership Agreement plus all other amounts then due and payable to the Limited Partner.

First Amended and Restated Term Loan Agreement dated as of October 31, 2002, among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, TWC, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security National Bank , National Association), as Certificate Trustee, Wells Fargo Bank Nevada N.A., (successor by merger to First Security Trust company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended by the Consent and First Amendment dated as of July 31, 2002 and the consent and Second Amendment dated as of October 31, 2002.

Term Loan Agreement dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

Joint Venture Sponsor Agreement dated as of December 28, 2000, among The Williams Companies, Inc., as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C., Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended.

Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended.

Master Agreement dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of TWC, as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent and the Lenders party thereto, as amended.

PPH Sponsor Agreement dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other Indemnified Persons listed in the agreement, as amended. Notwithstanding anything herein to the contrary, for purposes of Section 2.04(c) of this Agreement, the outstanding amount of this Progeny Facility shall equal the outstanding Contributed Capital of the Class B Preferred Member (each as defined in the PPH Company Agreement) plus the accrued and unpaid Class B Priority Return (as defined in the PPH Company Agreement) plus all other amounts then due and payable to the Class B Preferred Member.

Amended and Restated LLC Loan Agreement dated as of June 9, 2000 among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, and the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions thereto, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

Outstanding letters of credit as of July 31, 2002 (as set forth on Schedule III) to the extent they have not been fully cash collateralized.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with any of the foregoing.

SCHEDULE XIII

POST-CLOSING ITEMS

1. Consents. TWC shall use its best efforts to obtain those third party consents that have been identified by TWC (pursuant to a written schedule delivered in connection with the execution of this Agreement) as necessary in connection with the execution, delivery, filing and performance of certain Mortgages.

2. Legal Opinions. The Agent shall have received, with a counterpart for each Issuing Bank, the executed legal opinions of local counsel to the Agents in such states as requested by Agent which such legal opinions shall cover such matters incident to the perfection of the Liens and the other transactions contemplated by this Agreement as the Agent may reasonably require. TO BE DELIVERED 30 DAYS AFTER THE REQUEST THEREFOR BY THE AGENT.

3. Actions to Perfect Liens. The Agent shall have received properly completed and executed financing statements (or other similar documents), including, without limitation, duly executed financing statements on form UCC-1, necessary or, in the opinion of the Collateral Agent, desirable to perfect the Liens created by the Security Documents, and the Collateral Agent shall be reasonably satisfied that, other than filing such financing statements and other similar documents and the Mortgages, no other filings, recordings, registrations or other actions are necessary or, in the opinion of the Collateral Agent, desirable to perfect the Liens created by the Security Documents. TO BE COMPLETED 15 DAYS AFTER THE REQUEST THEREFOR BY THE AGENT.

4. Surveys. At the request of the Agent, the Agent shall have received boundary line surveys of (i) the property leased by the Borrower and the Midstream Subsidiaries located in the States of Alaska, Arkansas, Colorado, New Mexico, Tennessee, and Wyoming, and (ii) the real property owned by Borrower and the Midstream Subsidiaries located in the States of Alaska, Arkansas, Colorado, New Mexico, Tennessee, and Wyoming, other than the Gathering Systems which boundary line surveys shall in each case be (A) dated a date reasonably close to the date of the Agreement (as determined by the Agent), (B) prepared by an independent professional licensed land surveyor reasonably satisfactory to the Agent, (C) prepared in a manner reasonably acceptable to the Agent and (D) shall reflect that the buildings, structures and other improvements necessary for the ownership and operation of the processing plants purported to be located on the property surveyed do not protrude on any adjoining property nor do any improvements located on land adjacent to the property surveyed encroach upon the property surveyed, which encroachments or protrusions in either case could reasonably be expected to adversely affect the ability of the Borrower or the Midstream Subsidiaries to own, maintain, operate or sell the property surveyed and/or the improvements located thereon. The Agent shall have received a certificate of an authorized officer of the Borrower certifying said boundary line surveys are true and correct as of the date of the Agreement. TO BE COMPLETED 60 DAYS AFTER REQUEST BY THE AGENT THEREFOR.

5. Flood Insurance. If requested by the Agent, the Agent shall have received a policy of flood insurance in form and substance satisfactory to the Agent. TO BE COMPLETED 60 DAYS AFTER REQUEST BY THE AGENT THEREFOR.

6. Copies of Documents. If requested by the Agent, the Agent shall have received a copy, certified by such parties as the Agent may deem appropriate, of any document burdening the property covered by any Mortgage. TO BE COMPLETED 30 DAYS AFTER REQUEST BY THE AGENT THEREFOR.

7. Lien Searches. The Agent shall have received the results of recent lien searches by Persons reasonably satisfactory to the Agent, in each of the jurisdictions and offices where assets of the Borrower or any of the Midstream Subsidiaries are located or recorded, and such searches shall reveal no Liens on any assets of the Borrower or any such Subsidiary, except for (i) Liens permitted by the Agreement and (ii) Liens to be released or assigned to the Agent, for the ratable benefit of the Banks, on the date of the Agreement in connection with the execution, delivery and performance of the Credit Documents. TO BE COMPLETED ON OR BEFORE NOVEMBER 15, 2002.

8. Insurance. The Agent shall have received (i) copies of, or an insurance broker's or agent's certificate as to coverage under, the insurance policies required by the Agreement and the applicable provisions of the Security Documents, each of which policies shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement and to name the Collateral Agent as additional insured, in form and substance satisfactory to the Collateral Agent and (ii) confirmation from such insurance broker that the scope and amount of coverage maintained by the Borrower and its Subsidiaries are comparable to the scope and amount of the insurance maintained by other companies of similar size in the same industry and general location. TO BE COMPLETED ON OR BEFORE NOVEMBER 15, 2002.

9. Environmental Reports. If requested by the Agent, the Agent shall have received environmental assessment reports from E.vironment, Inc. with respect to processing, refining and other facilities and other parcels of real property owned or leased by the Borrower and the Midstream Subsidiaries, and the Issuing Banks shall be reasonably satisfied with the potential environmental liabilities to which the Borrower and its Subsidiaries may be subject based on such reports. TO BE COMPLETED 60 DAYS AFTER REQUEST THEREFOR BY THE AGENT.

10. Title Vested in Borrower. The Agent and the Issuing Banks shall be reasonably satisfied that all filings and other actions required to be taken or made in order to vest title to all of the Properties of the Borrower and the Midstream Subsidiaries shall have been taken or made and are in full force and effect. TO BE COMPLETED 60 DAYS AFTER REQUEST THEREFOR BY THE AGENT.

11. Mortgages. The Borrowers shall deliver to the Collateral Agent, within fifteen Business Days of the delivery of any Mortgage to the Borrower (or, with respect to Mortgages to be filed in Kansas, as promptly as possible using its best efforts), evidence of such

recordings and filings as may be necessary, in the opinion of the Collateral Agent, to perfect the Liens created by such Mortgage. Upon the request of Collateral Agent, the Borrower shall provide all assistance as may be necessary in connection with the preparation of the Mortgages.

12. Consents to the Pledging of Excluded Equity Interest. TWC shall use its best efforts to obtain all third party consents necessary to pledge the Excluded Equity Interests in (other than the Equity Interest in the Restricted Midstream Subsidiaries and the Equity Interest of MLP held by NewGP) pursuant to the Pledge Agreement. TO BE REQUESTED WITHIN 30 DAYS AFTER THE DATE OF THIS AGREEMENT AND TO BE PURSUED DILIGENTLY THEREAFTER.

13. Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be satisfactory in form and substance to the Agent, and the Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

14. Additional Legal Opinions. The Agent shall have received, with a counterpart for each Issuing Bank, executed legal opinions which confirm that the Mortgages and deeds of trust filed with respect to the Collateral shall continue to constitute valid, enforceable, and duly recorded liens on the real property following the amendment and restatement of the Existing Credit Agreement and of the L/C Agreement, securing the obligations of such agreements as amended. To the extent that any supplemental deed of trust or mortgage filings are required in connection with the above described legal opinions, the Agent shall have received evidence of such recordings and filings as may be necessary, in the opinion of the Collateral Agent, to ensure the continued perfection of the Liens created by any such Mortgage. IN EACH CASE, TO BE COMPLETED 30 DAYS AFTER THE DATE OF THIS AGREEMENT.

15. Approvals of and Consents to Assignments. In connection with the termination of (a) the Amended and Restated Guarantee, dated as of July 25, 2000, issued by TWC for the benefit of The Commonwealth Plan, Inc. and CBL Capital Corporation, as amended, (b) the Lease Agreement, dated as of December 29, 1995, between The Commonwealth Plan, Inc., as Lessor, and WFS - Pipeline Company, as Lessee, and (c) the Lease Agreement, dated as of December 29, 1995, between CBL Capital Corporation, as Lessor, and WFS - Offshore Gathering Company, as Lessee, TWC and either WFS - Offshore Gathering Company or WFS - Pipeline Company, as applicable, shall use their best efforts to obtain (i) the approval of the United States Department of the Interior, Minerals Management Service to the assignment of certain easements to WFS - Offshore Gathering Company by CBL Capital Corporation and (ii) the consents of third parties necessary to the assignments of any leases and/or easements by CBL Capital Corporation to WFS - Offshore Gathering Company or by The Commonwealth Plan, Inc. to WFS - Pipeline Company. TO BE COMPLETED ONE YEAR AFTER THE DATE OF THIS AGREEMENT.

SCHEDULE XIV

MIDSTREAM SUBSIDIARIES

Delaware

Williams Energy Services, LLC
Williams Natural Gas Liquids, Inc.
Williams Midstream Natural Gas Liquids, Inc.
Williams Express, Inc. (a Delaware corporation)
Williams Field Services Group, Inc.
Williams Alaska Pipeline Company, L.L.C.
Williams Bio-Energy, L.L.C.
Williams Merchant Services Company, Inc.
MAPCO Inc.
WFS Enterprises, Inc.
WFS-Liquids Company
Williams Field Services Company
Williams Gas Processing Company
Williams Gas Processing - Wamsutter Company
North Padre Island Spindown, Inc.
Williams Ethanol Services, Inc.
Williams Energy Marketing & Trading Company
Worthington Generation, L.L.C.
Memphis Generation, L.L.C.
Gas Supply, L.L.C.
Williams Generation Company - Hazelton
Juarez Pipeline Company
MAPL Investments, Inc.
Williams Refining & Marketing, L.L.C.
Williams Memphis Terminal, Inc.
Williams Mid-South Pipelines, L.L.C.
Williams Olefins, L.L.C.
Williams Olefins Feedstock Pipelines, L.L.C.
Williams Generating Memphis, LLC
WFS - NGL Pipeline Company Inc.
WFS - Offshore Gathering Company
Baton Rouge Fractionators, L.L.C.
Tri-States NGL Pipeline, L.L.C.
WILPRISE Pipeline Company, L.L.C.
Williams Gulf Coast Gathering Company, LLC
WFS Gathering Company L.L.C.
Williams Field Services - Matagorda Offshore Company, LLC
Williams Gas Processing - Mid-Continent Region Company
WFS - OCS Gathering Co.

WFS - Pipeline Company
HI-BOL Pipeline Company
Goebel Gathering Company, L.L.C.
Williams Petroleum Pipeline Systems, Inc.
Williams GP LLC**
Williams Oil Gathering, L.L.C
Williams Field Services - Gulf Coast Company, L.P.
Gulf Liquids Holdings, L.L.C.*
Gulf Liquids New River Project, LLC*
Williams Petroleum Services, L.L.C.
Longhorn Enterprises of Texas, Inc.
E-Birchtree, LLC

Alaska

Williams Express, Inc. (an Alaska corporation)
Williams Alaska Petroleum, Inc.
Williams Alaska Air Cargo Properties, L.L.C.
Williams Lynxs Alaska CargoPort, L.L.C.

Texas

Black Marlin Pipeline Company
Rio Grande Pipeline Company

Kansas

Nebraska Energy, L.L.C

- --------

* These entities shall be Midstream Subsidiaries to the extent that such entities are Subsidiaries.

** Williams GP LLC shall not be deemed a Midstream Subsidiary until Williams GP LLC has transferred the general partnership interests and incentive distribution rights in MLP to NewGP.

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.

[BORROWER NAME]

By: ----------------------------------

Name: ----------------------------------

Title: ----------------------------------

ADVANCES AND PAYMENTS OF PRINCIPAL

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

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.

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 B-1

NOTICE OF A BORROWING

[Date]

Citicorp USA, Inc., as Agent
for the Banks parties to the Credit
Agreement referred to below
399 Park Avenue
New York, New York 10043

ATTENTION: The Williams Companies, Inc. Account Officer

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, JPMorgan Chase Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent and Citicorp USA, Inc., as Agent for such Banks; (b) 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;

(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-2

NOTICE OF B BORROWING

[Date]

Citicorp USA, Inc., 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, JPMorgan Chase Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent and Citicorp USA, Inc., 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:

(e) 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;

(f) 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;

(g) 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

(h) 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 C

OPINION OF WILLIAM G. VON GLAHN

EXHIBIT D-1

OPINION OF NEW YORK COUNSEL

(ENFORCEABILITY)

EXHIBIT D-2

OPINION OF NEW YORK COUNSEL

(PERFECTION)

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 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 ___________________ ("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 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 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:

[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]

By: ------------------------------

Name: ------------------------------

Title: ------------------------------

THE WILLIAMS COMPANIES, INC.

By: ----------------------------------

Name: ----------------------------------

Title: ----------------------------------

[NAME OF ASSIGNOR]

By: ------------------------------

Name: ------------------------------

Title: ------------------------------

NORTHWEST PIPELINE CORPORATION

By: ----------------------------------

Name: ----------------------------------

Title: ----------------------------------

CITICORP USA, INC., AS AGENT

By: ------------------------------

Name: ------------------------------

Title: ------------------------------

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

By: ----------------------------------

Name: ----------------------------------

Title: ----------------------------------

TEXAS GAS TRANSMISSION CORPORATION

By: ----------------------------------

Name: ----------------------------------

Title: ----------------------------------

Exhibit F

EXHIBIT G

SECURITY AGREEMENT

EXHIBIT H

LLC GUARANTY AGREEMENT

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EXHIBIT J

PLEDGE AGREEMENT

Exhibit J

EXHIBIT K

HOLDINGS GUARANTY

EXHIBIT L

LC SECURITY AGREEMENT

EXHIBIT M

EXISTING LOANS AND INVESTMENTS IN WCG SUBSIDIARIES

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
Amended and Restated Administrative Services Agreement but excluding all Service Level Agreements included therein other than those listed below		
Amended and Restated Administrative Services Agreement - Cafeteria Card (SLA No. ASF-11)		
Amended and Restated Administrative Services Agreement - Catering Services (SLA No. ASF-3)		
Amended and Restated Administrative Services Agreement - Data Center Floor Space (SLA No. IT-23)	23-Apr-01	TWC and WCG
Amended and Restated Administrative Services Agreement - Security System Administration (SLA No. ASR-2)		
Amended and Restated Administrative Services Agreement - Telecommunications Support (PBX) (SLA No. IT-19)		
Amended and Restated Administrative Services Agreement - Warren Clinic (SLA No. HR-17)		
Amended and Restated Administrative Services Agreement - Records Management (Revised) (SLA No. ASF-9)		
Amended and Restated Confidentiality and Nondisclosure Agreement	1-Feb-02	TWC and WCG
Amended and Restated Cross-License Agreement	23-Apr-01	TWC and WCG
Amended and Restated Employee Benefits Agreement	23-Apr-01	TWC and WCG
Amended and Restated Separation Agreement	23-Apr-01	TWC and WCG
Amendment of State of Oklahoma OIC Agreement	23-Apr-01	TWC and WCG
ITWill Assignment and Assumption Agreement	23-Apr-01	TWC and WCG
Mutual Waiver, dated April 23, 2001	23-Apr-01	TWC and WCG
Professional Services Agreement	23-Apr-01	TWC, WCG, The Feinberg Group, LLP
Relocation Services Agreement	2-Jan-02	Williams Relocation Management, Inc. (a TWC subsidiary) and WCG
Restructuring Support Agreement	23-Feb-02	TWC and WCG
Shareholder Agreement	23-Apr-01	TWC and WCG
Trademark License Agreement	23-Apr-01	TWC and WCG
Guaranty Indemnification	26-Jul-02	TWC and WCG Agreement
Reaffirmation and Cancellation Agreement	15-Oct-02	TWC and WCG and its Subsidiaries

All agreements and exhibits related to or incorporated by the foregoing that were entered into to implement the transactions contemplated thereby, e.g. Assignment and Assumption Agreements, Bills of Sale.

TWC CONTINUING CONTRACTS TO WHICH WCG IS NOT A PARTY

AGREEMENT	DATE	PARTIES
Agreement Of Purchase And Sale And Construction Completion	26-Feb-01 (as amended 13-Mar-01, 13-April-01, 13-Sep-01, 30-Apr-02	Williams Headquarters Building Company and WCL
Agreement To Terminate Aircraft Dry Lease - N352WC	27-Mar-02	Williams Aircraft Leasing, LLC (a TWC subsidiary) and WCL
Aircraft Dry Lease - N358WC	13-Sep-01	Williams Communications Aircraft, LLC (a TWC subsidiary) and WCL
Aircraft Dry Lease - N359WC	13-Sep-01	Williams Communications Aircraft, LLC (a TWC subsidiary) and WCL
Bank of Oklahoma Tower Use Agreement	23-Apr-01	Williams Headquarters Building Company and WCL
Central Plant Lease Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Construction, Operating and Maintenance Agreement	1-Jan-97 (as amended 19-Feb-99)	Transcontinental Gas Pipe Line Corporation (a TWC subsidiary) and WCL
Consulting Services Agreement	29-Oct-01	Williams Pipe Line Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	18-Feb-99	Northwest Pipeline Corporation (a TWC subsidiary) and WCL
Co-Occupancy Agreement	22-Feb-99	Williams Gas Pipelines Central, Inc. (a TWC subsidiary) and WCL
Co-Occupancy Agreement	1-May-00	Williams Pipe Line Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	5-Mar-99 (as amended 23-Apr-01)	Mid-America Pipeline Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	5-Mar-99 (as amended 23-Apr-01)	Williams Field Services Company (a TWC subsidiary) and WCL
Dark Fiber IRU Agreement	26-Feb-01	Transcontinental Gas Pipe Line Corporation (a TWC Subsidiary) and WCL
Fairfax Terminal Station Site Lease	26-Aug-96	Williams Pipe Line Company (a TWC subsidiary) and WCL
First Amendment to Level 3 Sublease Agreement	1-Jan-99 (as amended 31-Dec-00 and assigned 23-Apr-01)	TWC and WCL

AGREEMENT	DATE	PARTIES
Lease Agreement	1-Jan-97	Williams Natural Gas Company (a TWC subsidiary now known as Williams Gas Pipelines Central, Inc.) and WCL
Lease Agreement	1-Sep-95	Transcontinental Gas Pipe Line Corporation (a TWC subsidiary) and WCL
Lease Agreement	1-Mar-97	Texas Gas Transmission Corporation and WCL
Management Services Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Master Agreement	23-Feb-99 (as amended 23-Apr-01)	Williams Pipe Line Company (a TWC subsidiary) and WCL
Nondisclosure Agreement	29-Oct-01	TWC and WCL
Northwest Plaza Level Amended and Restated Lease Agreement	1-Jan-99 (as amended 31-Dec-00)	Original Amended and Restated Lease Agreement between Williams Headquarters Building Company, Landlord, and WCL, Tenant; amendment between TWC, Sublessor, and WCG, Sublessee
Operation, Maintenance and Repair Agreement	19-Feb-99 (as amended 31-Aug-99)	Mid-America Pipeline Company, Northwest Pipeline Corporation, Texas Gas Transmission Corporation, Transcontinental Gas Pipe Line Corporation, Williams Field Services Company, Williams Gas Pipelines Central, Inc. and Williams Pipe Line Company and WCL
Partial Assignment and Assumption Agreement	26-Feb-01	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Sale Agreement	14-Feb-97	Williams Pipe Line Company (a TWC subsidiary) and WCL
Southwest Plaza Level Amended and Restated Lease Agreement	1-Jan-99	Williams Headquarters Building Company and WCL
Sublease Agreement	1-May-00	Williams Pipe Line Company (a TWC subsidiary) and WCG; WCG assigned its rights to WCL on 2-Apr-02
Technical Services Agreement	1998	Spectrum Network Systems Limited (now known as PowerTel Limited, a 45% WCG subsidiary) and Williams International Services Company (a TWC subsidiary)
Teleport Services Agreement	9-Oct-01	Williams Energy Marketing & Trading co. (a TWC subsidiary and WCL
The Depot Amended and Restated Lease Agreement	1-Jan-99 (as amended 31-Dec-00 and assigned 23-Apr-01)	Williams Headquarters Building Company and WCL
TWC Corporate Guarantee	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
TWC Corporate Guarantee	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary

Exhibit M

AGREEMENT	DATE	PARTIES
TWC Guaranty	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
User Agreement for Pipe	5-Mar-99 (as amended 23-Apr-01)	Williams Pipe Line Company (a TWC subsidiary) and WCL
Utility Service Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Web Hosting and Streaming Services Agreement	2-Oct-00	Williams Energy Services, Inc. (a TWC subsidiary) and WCL
Weld County Sublease Agreement	19-Apr-96	Williams Natural Gas Company (a TWC subsidiary) and WCL
Declaration of Reciprocal Easements (as amended)	15-Oct-02	Williams Headquarters Building Company and Williams Technology Center, LLC
Membership Unit Purchase Agreement	15-Oct-02	Williams Aircraft, Inc. and Williams Communications, LLC
Real Estate Purchase Agreement	15-Jul-02	Williams Headquarters Building Company, Williams Technology Center, LLC, Williams Communications, LLC, Williams Communications Group, Inc. and Williams Aircraft Leasing, LLC

All agreement and exhibits related to or incorporated by the foregoing that were entered into to implement the transactions contemplated thereby, e.g. Assignment and Assumption Agreements, Bills of Sale.

Exhibit M

Exhibit 10.3

EXECUTION COPY

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of October 31, 2002

among

THE WILLIAMS COMPANIES, INC.

as Borrower

CITICORP USA, INC.

as Agent and Collateral Agent

BANK OF AMERICA N.A.

as Syndication Agent

CITIBANK, N.A.
BANK OF AMERICA N.A.
THE BANK OF NOVA SCOTIA

as Issuing Banks

THE BANKS NAMED HEREIN

as Banks

Arranger:

SALOMON SMITH BARNEY INC.

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AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of October 31, 2002 (amending and restating the Credit Agreement dated as of July 31, 2002 (the "Existing Credit Agreement") and as may be further amended, modified, supplemented, renewed, extended or restated from time to time, this "Agreement"), is by and among The Williams Companies, Inc., the various lenders as are or may become parties hereto; the Issuing Banks, and Citicorp USA, Inc., as Agent and Collateral Agent. In consideration of the mutual covenants and agreements contained herein, the Borrower, the Agent, the Collateral Agent, the Issuing Banks and the Banks hereby agree as set forth herein.

PRELIMINARY STATEMENTS

WHEREAS, the Borrower, the Banks, the U.S. Issuing Banks, the Collateral Agent and the Agent have entered into the Existing Credit Agreement whereby the Borrower has been entitled from time to time to request that an Issuing Bank issue Letters of Credit pursuant to the terms and conditions and in the amounts set forth therein.

WHEREAS, each Issuing Bank is willing, on the terms and subject to the conditions hereinafter set forth (including Article III), to issue Letters of Credit and each Bank is willing to hold a participation interest in such Letters of Credit on the terms and subject to the conditions hereinafter set forth (including Article III).

NOW, THEREFORE, the parties hereto have agreed to amend and restate the Existing Credit Agreement, and the Existing Credit Agreement is hereby amended and restated in its entirety 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):

"Acceptable Security Interest" in any property shall mean a Lien granted pursuant to a Credit Document (a) which exists in favor of the Collateral Trustee for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement, (b) which is superior to all other Liens, except Permitted Liens, (c) which secures (i) the "Secured Obligations" as defined in the Security Agreement (d) which is perfected and is enforceable the Collateral Trustee for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement, against all other Persons in preference to any rights of any such other Person therein (other than Permitted Liens); provided that such Lien may be subject to the Agreed Exceptions.

"Additional Mortgage" has the meaning specified in Section 5.1(f).

"Agent" means Citicorp USA, Inc. in its capacity as agent pursuant to Article VIII hereof and any successor Agent pursuant to Section 8.7.

"Agreed Exceptions" means exceptions to title to be set forth in the Mortgage that are customary in similar mortgages, do not materially detract from the value of the assets covered thereby, do not secure Debt and arise in the ordinary course of business.

"Agreement" has the meaning specified in the first paragraph of this Agreement.

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

"Applicable Issued LC Margin" means, for purposes of Section 2.1(b)(ii), the rate per annum set forth in Schedule V under the heading "Applicable Issued LC Margin" for the relevant Rating Category applicable to the Borrower from time to time, and the Applicable Issued LC Margin for purposes of Section 2.1(b)(ii) shall change when and as the relevant applicable Rating Category changes, provided that for each day on which the aggregate stated amount of the Letters of Credit issued and outstanding hereunder is equal to or greater than 25% of the aggregate amount of the total Letter of Credit Commitments hereunder, the Applicable Issued LC Margin for the Borrower shall be increased by 0.250% for such day.

"Applicable LC Commitment Margin" means, for purposes of Section 2.1(b)(ii), the rate per annum set forth in Schedule V under the heading "Applicable LC Commitment Margin" for the relevant Rating Category applicable to the Borrower from time to time, and the Applicable LC Commitment Margin for purposes of Section 2.1(b)(ii) shall change when and as the relevant applicable Rating Category changes.

"Arctic Fox Capital Contribution" means the transfer of the Equity Interests of Williams Energy (Canada), Inc. from Williams GmbH, in the form of a dividend, up through certain other Subsidiaries, to the Borrower, and by the Borrower in the form of a capital contribution to Arctic Fox Assets, L.L.C. ("Arctic Fox") as required by, and in accordance with, Amendment No. 3 to Certain Operative Documents and Consents dated as of October 31, 2002, among, inter alia, the Borrower and Arctic Fox.

"Arranger" means Salomon Smith Barney Inc.

"Asset" or "property" (in each case, whether or not capitalized) means any right, title or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"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).

"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 9.6(a).

"Barrett" means, collectively, RMT and its Subsidiaries.

"Barrett Loan" means the loans made pursuant to the Barrett Loan Agreement.

"Barrett Loan Agreement" means the Credit Agreement, dated as of July 31, 2002, among the Borrower, RMT LLC, RMT, the Lenders party thereto from time to time, Lehman Brothers Inc., as Arranger, and Lehman Commercial Paper Inc., as Syndication Agent and as Administrative Agent and the Loan Documents (as defined therein).

"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 highest of:

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

(b) the sum (adjusted to the nearest 1/4 of 1% or, if there is no nearest 1/4 of 1%, to the next higher 1/4 of 1%) of (i) 1/2 of 1 percent per annum plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three week period by the Federal Reserve Board for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month Dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring Dollar deposits of Citibank in the United States; and

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

"Borrower" means TWC.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City or Toronto, Canada.

"Business Entity" means a partnership, limited partnership, limited liability partnership, corporation (including a business trust), limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity.

"California Proceedings" means the proceedings with or in the State of California, as described in more detail on the Form 10-Q for the quarterly period ended June 30, 2002, filed by the Borrower with the Securities and Exchange Commission on August 14, 2002.

"Canadian Dollar L/C Commitment" of any Issuing Bank means, at any time, the amount set opposite such Bank's name on Schedule IV under the heading "Canadian Dollar L/C Commitments" or as reflected for such Bank in the relevant Transfer Agreement to which it is a party, as such amount may be terminated, reduced or increased pursuant to Section 2.2, Section 2.8, Section 6.1 or Section 9.6(a).

"Canadian Dollars" and "C$" means the lawful money of Canada.

"Canadian Issuing Bank" means The Bank of Nova Scotia.

"Canadian Letter of Credit" means any Letter of Credit payable in Canadian Dollars.

"Capital Lease" means a lease that in accordance with generally acceptable accounting principles must be reflected on a company's balance sheet as an asset and corresponding liability.

"Cardinal Pipeline System" means that intrastate natural gas pipeline system doing business under that name located in the State of North Carolina, in which the Borrower indirectly owned a 45% interest on July 31, 2002.

"Cash Collateralize" means, with respect to a Letter of Credit, the deposit in Dollars of immediately available funds into an LC Cash Collateral Account in an amount equal to the stated amount of (or the U.S. Dollar Equivalent thereof, in the case of Canadian Letters of Credit), and all Letter of Credit fees related to, such Letter of Credit.

"Cash Flow" means, for any period, the Consolidated cash flow from operations of the Borrower and its Consolidated Subsidiaries for such period determined in accordance with generally accepted accounting principles; provided that in determining such Consolidated cash flow from operations, there shall be excluded therefrom (to the extent otherwise included therein) (a) any positive cash flow from operations of any Person (including Project Financing Subsidiaries) subject to any restriction prohibiting the distribution of cash to the Borrower or any of its Consolidated Subsidiaries, except and then only to the extent of the amount thereof that the Borrower or any of its Consolidated Subsidiaries actually receives or has the right to receive (within the limits

of such restrictions) during such period, (b) proceeds resulting from the sale, transfer or other disposition of any property by the Borrower or its Consolidated Subsidiaries (other than sales, transfers and other dispositions in the ordinary course of business), (c) all other extraordinary items, (d) any item constituting the cumulative effect of a change in accounting principles, prior to applicable income taxes, (e) repayment of the WCG Synthetic Lease and (f) for the third Fiscal Quarter of 2002 only, margin and capital or adequate assurances relating to its refining and marketing and EMT.

"Cash Equivalents" means any of the following, to the extent owned by the Borrower or any of its Subsidiaries free and clear of all Liens other than Permitted Liens and having a maturity of not greater than 270 days from the date of acquisition thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that is a Bank or a member of the Federal Reserve System, issues (or the parent of which issues) commercial paper rated as described in clause (c) below, is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least $1 billion or (c) commercial paper in an aggregate amount of no more than $500,000,000, per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or "A-1" (or the then equivalent grade) by S&P.

"Castle Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Castle Associates L.P., dated as of December 23, 1998, by and among Garrison, L.L.C., a Delaware limited liability company, Laughton, L.L.C., a Delaware limited liability company, and Colchester LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Castle Transaction" means the purchase by TWC of the limited partnership interest in Castle Associates, L.P. ("Castle"), a Delaware partnership held by Colchester LLC, a Delaware limited liability company.

"Citibank" means Citibank, N.A.

"Citicorp" means Citicorp USA, Inc.

"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.

"Collateral" means all personal and real property comprising the Midstream Assets of the Borrower, each Guarantor and each of the Midstream Subsidiaries (but excluding agreements that make up the Trading Book to the extent relating to contracts to which EMT is a party) whether now owned or hereafter acquired and all other property subject to a Lien for the benefit of the Banks in accordance with the terms of any Credit

Document; provided that no real or personal property of RMT LLC or its Subsidiaries (including, without limitation, the RMT Equity Interests) or real or personal property of WGPC shall be included as "Collateral"; provided with respect to oil of Williams Alaska Petroleum, Inc. ("WAPI") that is transported through the Trans-Alaska Pipeline System, the security interest in such oil shall attach only at the time such oil is delivered to WAPI through the Trans-Alaska Pipeline System at the outlet flange measuring device located at North Pole, Alaska.

"Collateral Account" means a deposit account of the Borrower which meets each of the following requirements: (i) with a commercial banking institution that is a member of the Federal Reserve System, has its short-term deposits rated A- or higher by Moody's or S&P and has a combined capital, surplus and undivided profits of not less than $1,000,000,000, (ii) over which the Borrower has no control, (iii) in which an Acceptable Security Interest exists, (iv) as to which (if not held with the Collateral Agent) Borrower has complied with Sections 3.1 and 3.6 of the Security Agreement, and (v) deposits in which, if invested, may be invested only in those investments permitted under Sections 5.2(h) and (o).

"Collateral Agent" means Citicorp in its capacity as Collateral Agent pursuant to Article VIII and any successor in such capacity pursuant to Section 8.14.

"Collateral Trust Agreement" means the Collateral Trust Agreement dated as of July 31, 2002 by and among the Company, several of its Subsidiaries and Citibank N.A., as Collateral Trustee, which Collateral Trust Agreement provides for certain collateral to be held by such Collateral Trustee for the benefit of the Banks, Issuing Banks and agents under this Agreement, the lenders, issuing banks and agents under the Multiyear Williams Credit Agreement and the holders of certain public debt of TWC issued pursuant to that certain (i) Indenture between MAPCO Inc., as Issuer, and Bankers Trust Company, as Trustee dated March 31, 1990 and (ii) Indenture between Transco Energy Company, as Issuer, and Bankers Trust Company, as Trustee dated May 1, 1990.

"Collateral Trustee" means Citibank, N.A., in its capacity as Collateral Trustee under the terms of the Collateral Trust Agreement and its successors or assigns appointed pursuant to Article 5 of the Collateral Trust Agreement.

"Consolidated" refers to the consolidation of the accounts of any Person and its consolidated subsidiaries in accordance with generally accepted accounting principles.

"Consolidated Net Worth" of any Person means the Net Worth of such Person and its Consolidated 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 for the Consolidated Subsidiaries of the Borrower described in clauses (i) through (v), (vii) and (viii) of the definition of "Designated Minority Interests" below exceed $136,892,000 in the aggregate for the purposes of this definition. As used in this definition, "Designated Minority Interests" means, as of any date of determination, the total value, determined in accordance with generally accepted accounting principles, of the minority interests of

Persons other than the Borrower and Consolidated Subsidiaries of the Borrower in the following Subsidiaries of the Borrower: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, (vi) the Midstream Asset MLP, (vii) Apco Argentina, Inc. and (viii) other Subsidiaries with a value not to exceed in the aggregate $9,000,000 for such other Subsidiaries not referred to in items (i) through (vii); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests".

"Consolidated Subsidiaries" of any Person means all other Persons the financial statements of which are consolidated with those of such Person in accordance with generally accepted accounting principles. For the avoidance of doubt, as of the date of this Agreement, the MLP and its Subsidiaries shall be "Consolidated Subsidiaries" of the Borrower.

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

"Credit Documents" means this Agreement, the Security Documents, the Letter of Credit Documents, each Letter of Credit, all documents, instruments, agreements, certificates and notices at any time executed and/or delivered to the Agent, the Collateral Agent, the Collateral Trustee, the Surety Administrative Agent, any Issuing Bank, or any Bank in connection therewith.

"Debt" means, in the case of any Person, the principal or equivalent amount (without duplication) of (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (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) obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) payments necessary to exercise a purchase option with respect to the property used by such Person and encumbered by a Synthetic Lease with such Person as lessee, excluding any portion of such amount representing accrued interest, transfer taxes or other ancillary items, (vi) obligations of such Person under any Financing Transaction, (vii) indebtedness incurred after July 31, 2002 of the Subsidiaries of such Person, and indebtedness incurred after the date of this Agreement of any other entity that has been created or utilized, directly or indirectly, for financing purposes of such Person or any of its Subsidiaries, (viii) 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 (vii) of this definition, (ix) indebtedness or obligations of others of the kinds referred to in clauses (i) through (viii) of this definition secured by any Lien on or in respect of any property of such Person and (x) any Attributable Obligations of such Person; provided, however, that Debt shall not include (w) any obligations of the Borrower in respect of the FELINE PACS; (x) any obligations of the Borrower or its Subsidiaries in respect of the WCG Note Trust Bonds; (y) Non-Recourse Debt; (z) Performance Guaranties, (aa) monetary obligations or guaranties of

monetary obligations of Persons as lessee under leases (other than, to the extent provided herein above, Synthetic Leases) that are, in accordance with generally accepted accounting principles, recorded as operating leases and (bb) guarantees by such Person of obligations of others which are not obligations described in clauses (i) through (x) of this definition, and provided further that where any such indebtedness or obligation of such Person is made jointly, or jointly and severally, with any third party or parties other than any Subsidiary of such Person, the amount thereof for the purpose of this definition only shall be the pro rata portion thereof payable by such Person, so long as such third party or parties have not defaulted on its or their joint and several portions thereof and can reasonably be expected to perform its or their obligations thereunder. For the avoidance of doubt, "Debt" shall include, without duplication, the principal amount of the obligations of the Borrower hereunder in respect of the Letters of Credit that have been drawn upon by the beneficiaries to the extent of the amount drawn.

"Deepwater Assets" shall have the meaning given such term in Item 8 of Schedule XIV hereto.

"Deepwater JV" means any Person to whom any Deepwater Assets have been transferred in connection with the formation of such Person and in which the Borrower or any of its Subsidiaries has retained an Equity Interest.

"Deepwater Transactions" means, collectively, the transactions consummated in connection with (i) that certain Second Amended and Restated Participation Agreement dated January 28, 2002 by and among Williams Field Services - Gulf Coast Company, L.P., as Lessee, Williams Field Services Company, as Construction Agent, TWC, as Guarantor, Wells Fargo Bank Northwest, National Association, (f/k/a First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor to First Security Trust Company of Nevada), as Collateral Agent, the Certificate Holders, Hatteras Funding Corporation, as CP Lender, the Facility Lenders, Bank of America, National Association, as Administrative Agent and Administrator, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent and/or (ii) that certain Second Amended and Restated Participation Agreement dated January 28, 2002 by and among Williams Oil Gathering, L.L.C., as Lessee, Williams Field Services Company, as Construction Agent, TWC, as Guarantor, Wells Fargo Bank Northwest, National Association, (f/k/a First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor to First Security Trust Company of Nevada), as Collateral Agent, the Certificate Holders, Hatteras Funding Corporation, as CP Lender, the Facility Lenders, Bank of America, National Association, as Administrative Agent and Administrator, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent.

"Default" means any event or condition that, upon the giving of notice or passage of time or both, if required by Section 6.1, would constitute an Event of Default.

"Designated Midstream Subsidiaries" means Nebraska Energy; Rio Grande Pipeline Company; Baton Rouge Fractionators, L.L.C.; Williams Lynxs Alaska CargoPort, L.L.C.; Tri-States NGL Pipeline, L.L.C; WILPRISE Pipeline Company, L.L.C.; Williams Alaska Air Cargo Properties, L.L.C.; NewGP; WilJet, L.L.C.; Longhorn Partners GP, L.L.C.; Longhorn Partners Pipeline, L.P.; Mapletree, LLC; E-Birchtree, LLC; and E-Oaktree, LLC.

"Designated Minority Interests" has the meaning specified in the definition of "Consolidated Net Worth".

"Designating Bank" has the meaning specified in Section 9.6(g).

"Dollars" and "$" means lawful money of the United States of America.

"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.

"Eligible Assignee" means (i) any Bank, (ii) any affiliate of any Bank, and (iii) any other Person not covered by clause (i) or (ii) of this definition that is consented to by the Borrower, the Agent and the Issuing Banks (which consents shall not be unreasonably withheld); provided that if any Default or Event of Default has occurred and is continuing, no consent of the Borrower shall be required; provided further that neither the Borrower nor any affiliate of the Borrower shall be an Eligible Assignee.

"EMT" means Williams Energy Marketing & Trading Company.

"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 Permits" mean any and all material permits, licenses, registrations, exemptions and any other authorization required under any Environmental Protection Statutes.

"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 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.

"Equity Interests" means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature.

"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 Federal Reserve Board, as in effect from time to time.

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

"Excluded Collateral" means (i) all property owned by RMT LLC or its Subsidiaries (including, without limitation, the RMT Equity Interests), WGPC and the Designated Midstream Subsidiaries, (ii) subject to Section 5.1(f), all personal and real property owned by the Restricted Midstream Subsidiaries, (iii) the Excluded Equity Interests, (iv) except to the extent currently subject to an Acceptable Security Interest, the Refineries (subject to the requirements set forth in Section 5.1(e)), (v) the Mapco Office Building, (vi) the agreements that make up the Trading Book but only to the extent relating to contracts to which EMT is a party and (vii) any property of Williams Field Services Company to the extent that such property constitutes "Leased Property" (as such term is defined on even date herewith in the Deepwater Transactions).

"Excluded Equity Interests" means (i) the Equity Interests in each of the Designated Midstream Subsidiaries (other than the Equity Interests of Williams Energy Services, LLC and Williams Natural Gas Liquids, Inc.); provided, however, as to each Designated Midstream Subsidiary, at such time as the Borrower or any of its Subsidiaries obtain the consents provided for in Paragraph 13 of Schedule XII the Equity Interest of such Designated Midstream Subsidiary shall cease to be an "Excluded Equity Interest" and (ii) subject to Section 5.1(f), the Equity Interest in each of the Restricted Midstream Subsidiaries.

"Existing Credit Agreement" has the meaning specified in the recitals to this Agreement.

"Federal Funds Rate" means, for any day, a fluctuating interest rate per annum equal for such day 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.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any federal agency or authority of the United States from time to time succeeding to its function.

"FELINE PACS" means those certain units, as described in the Borrower's prospectus supplement dated January 7, 2002, issued by the Borrower in January, 2002 in an aggregate face amount of $1,100,000,000.

"Financing Transaction" means, with respect to any Person, any individual or group of related Persons (i) prepaid forward sales of oil, gas, minerals or other assets by such Person, (ii) interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives or (iii) sales or transfers of assets, the primary effect of which or an important purpose of which is to receive money or credit in advance coupled with an obligation to repay or perform in the future to effect repayment thereof, including any contract monetization or production payment. Notwithstanding the foregoing, the following transactions, if entered into in the ordinary course of business by the Borrower or any of its affiliates and otherwise permitted hereunder, shall be deemed not to be Financing Transactions: (a) sales or exchanges of property fully delivered within 90 days of receipt of the first payment by a counterparty therefor, (b) interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives (including prepayment of forward sales of property to a counterparty of the Borrower or any of its affiliates to hedge against risks in the ordinary course of business, provided that the forward delivery obligation with respect to the property sold must be fully performed within 120 days), and (c) "riskless" forward sales or exchanges of property whereby a third party guarantees the performance obligations of the Borrower or any of its affiliates to deliver such property without subrogation or other recourse against the Borrower or any of its affiliates by any party to the transaction. The term "contract monetization" as used in this definition means the acceleration of cash flows a contract party expects to receive from such contract pursuant to which the contract party retains a significant ongoing obligation to perform, but shall in any event exclude transactions commonly referred to as securitizations. The term "production payment" as used in this definition means a limited-term non-cost bearing right to receive produced hydrocarbons or the proceeds therefrom satisfiable in cash or in kind up to an aggregate defined amount of cash and/or hydrocarbons.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2002 Fiscal Year") refer to the Fiscal Year ending on December 31 of such calendar year.

"Fitch" means Fitch, Inc.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"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.

"Guaranties" means, collectively, the LLC Guaranty, the Midstream Guaranty and the Holdings Guaranty.

"Guarantor" and "Guarantors" means, individually and collectively, as applicable, RMT LLC, WGPC, EMT and each of the Midstream Subsidiaries.

"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 40 C.F.R. ss. 261.3).

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging obligations.

"Holdings Guaranty" means a Guaranty executed by RMT LLC in substantially the form of Exhibit J, as amended, supplemented or modified from time to time.

"Hydrocarbons" (whether or not capitalized) means oil, gas, casinghead gas, condensate, distillate, and liquid hydrocarbons.

"Indemnified Parties" has the meaning assigned to such term in Section 9.4(b).

"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 Expense" means, for any period, the gross interest expense (determined in accordance with generally accepted accounting principles) of the Borrower and its Consolidated Subsidiaries accrued for such period, including that attributable to the capitalized amount of obligations owing under Capital Leases, all debt discount amortized in such period and all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, net of interest income

(determined in accordance with generally accepted accounting principles) of the Borrower and its Consolidated Subsidiaries, but excluding such interest expense, debt discount, commissions, discounts and other fees and charges and interest income to the extent attributable to the Non-Recourse Debt of Project Financing Subsidiaries; provided that interest expense incurred in connection with the WCG Note Trust Bonds shall be excluded from this definition.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (viii) or (ix) of the definition of "Debt" in respect of such Person.

"Issuing Banks" means the U.S. Issuing Banks and the Canadian Issuing Bank, in their capacity as issuers of Letters of Credit.

"LC Cash Collateral Accounts" has the meaning assigned to such term in Section 6.2.

"LC Participation Percentage" of any Bank means, at any time, the percentage set opposite such Bank's name on Schedule IV or as reflected for such Bank in the relevant Transfer Agreement to which it is a party, as such amount may be terminated, reduced or increased pursuant to Section 9.6(a).

"Legacy L/Cs" means those outstanding letters of credit as of July 31, 2002 as set forth on Schedule XI, to the extent such letters of credit have not been fully cash collateralized.

"Lending Office" means, with respect to any Bank, the office of such Bank specified as its "Lending Office" opposite its name on Schedule I hereto or in the relevant Transfer Agreement delivered pursuant to Section 9.6(a), or such other office of such Bank as such Bank may from time to time specify to the Borrower and the Agent.

"Letter of Credit Commitment" of any Issuing Bank means, at any time, the amount set opposite such Bank's name on Schedule IV under the heading "U.S. Dollar L/C Commitments" or "Canadian Dollar L/C Commitments" or as reflected for such Bank in the relevant Transfer Agreement to which it is a party, as such amount may be terminated, reduced or increased pursuant to Section 2.2, Section 2.8, Section 6.1 or Section 9.6(a).

"Letter of Credit Documents" means, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of

such obligations, each as the same may be modified and supplemented and in effect from time to time.

"Letter of Credit Interest" means, for each Bank, (i) such Bank's participation interest in Letters of Credit (and, in the case of an Issuing Bank, such Issuing Bank's retained interest in Letters of Credit issued by it), and (ii) such Bank's rights and interests in Reimbursement Obligations and fees, interest and other amounts payable in connection with Letters of Credit and Reimbursement Obligations.

"Letter of Credit Liability" means at any time and in respect of any Letter of Credit, the sum (without duplication) of (a) the maximum possible undrawn amount of such Letter of Credit at such time (after giving effect to any step up provision or other mechanism for increase, if any, and assuming that all conditions to drawing have been satisfied) plus (b) the aggregate unpaid amount of all drawings under such Letter of Credit that are unpaid at such time; provided that, with respect to any Canadian Letter of Credit, all amounts included in clause (a) or (b) hereof shall be calculated at the U.S. Dollar Equivalent thereof. For purposes of this Agreement, a Bank shall be deemed to hold a Letter of Credit Liability in an amount equal to its LC Participation Percentage in the related Letter of Credit.

"Letters of Credit" has the meaning assigned to such term in Section 2.10 and, for greater certainty, shall include all Canadian Letters of Credit.

"Lien" means any mortgage, lien, pledge, charge, deed of trust, security interest, encumbrance or other analogous type of preferential arrangement to secure or provide for the payment of any Debt, trade payable, obligation or other liability of any Person, whether arising by contract, operation of law or otherwise (including the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement).

"LLC Guaranty" means a Guaranty executed by WGPC in substantially the form of Exhibit G, as amended, supplemented or modified from time to time.

"Major Subsidiary" means any Subsidiary of the Borrower with assets having a book value of $1,000,000,000 or more.

"Majority Banks" means at any time (i) Banks having more than 50% of the LC Participation Percentages, or (ii) if the Letter of Credit Commitments have terminated and any Letter of Credit or any Letter of Credit Interest is outstanding, then Banks having more than 50% of the sum of the aggregate unpaid principal amount of the outstanding Letter of Credit Interests (provided that for purposes of this definition and Sections 2.8, 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 owed or holding Letter of Credit Interests or (ii) determining the aggregate amount of the Letter of Credit Interests).

"Mapco Office Building" means the real property, improvements and related office equipment located at 1801 South Baltimore Avenue, Tulsa, Oklahoma.

"MAPL" means Mid-America Pipeline Company, LLC, a Delaware limited liability company.

"MAPL Asset Disposition" means the sale, transfer or other distribution of the Equity Interests in or assets of MAPL and Mapletree, LLC.

"Material Subsidiary" means (i) each Major Subsidiary and each other Subsidiary of the Borrower (other than a Project Financing Subsidiary) that itself (on an unconsolidated, stand alone basis) owns in excess of 5% of the book value of the Consolidated assets of the Borrower and its Consolidated Subsidiaries, (ii) each of TGPL, TGT and NWP and (iii) each Subsidiary that owns any direct or indirect interest in TGPL, TGT and NWP.

"Midstream Asset MLP" means one or more master limited partnerships included in the Consolidated financial statements of the Borrower to which the Borrower has transferred or shall transfer certain assets relating to the Midstream Business as well as certain marine and inland terminals and related pipeline systems, including MLP.

"Midstream Assets" means all assets now owned or hereafter acquired by the Borrower or any of its Subsidiaries, which are either individually, or in conjunction with other Midstream Assets, necessary for the conduct of the Midstream Business by Borrower and its Subsidiaries, including the Refineries in Alaska and Tennessee, except that "Midstream Assets" shall not include (a) the assets being part of either of the MAPL Asset Disposition or Seminole Asset Disposition unless the MAPL Asset Disposition or Seminole Asset Disposition, as applicable, shall not have occurred on or prior to the date that is 60 days from July 31, 2002 and (b) any assets of NewGP or its Subsidiaries.

"Midstream Business" means the gathering, marketing, dehydrating, treating, processing, fractionating, refining, storing, selling and transporting of Hydrocarbons and Refined Hydrocarbons in the United States, and any business relating thereto; provided that "Midstream Business" shall not include (i) operations that are directly related to the exploration and production of Hydrocarbons, (ii) the interstate transportation and storage of natural gas and associated liquid hydrocarbons under the jurisdiction of the Natural Gas Act, and (iii) the transportation and storage of natural gas and associated liquid hydrocarbons through the Cardinal Pipeline System.

"Midstream Guaranty" means a Guaranty executed by certain Guarantors in substantially the form of Exhibit H, as amended, supplemented or modified from time to time.

"Midstream Subsidiaries" means each Subsidiary of the Borrower (excluding Williams Mobile Bay Producer Services, L.L.C., NewGP and each of their Subsidiaries, if any) engaged either in whole or in part of the Midstream Business that either (1) owns, leases or has possession of Midstream Assets that have an aggregate fair market value of $1,000,000 or more, or (2) owns, leases or has possession of any Midstream Asset or right that is material to the ownership, leasing or operation of the Midstream Assets taken as a whole.

"MLP" means Williams Energy Partners L.P., a Delaware limited partnership.

"Moody's" means Moody's Investors Service, Inc. or its successor.

"Mortgage" means each mortgage, deed of trust or comparable real property Lien document executed by any Guarantor from time to time, in such form as necessary to grant an Acceptable Security Interest in favor of the Collateral Trustee for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate of the 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 the Borrower or any ERISA Affiliate of the Borrower, and one or more employers other than the Borrower or an ERISA Affiliate of the Borrower, 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 of the Borrower 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 First Amended and Restated Credit Agreement dated as of October 31, 2002 among the Borrower, NWP, TGPL and TGT, as Borrowers; the financial institutions party thereto, as "Banks" thereunder; JPMorgan Chase Bank (formerly known as 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 further amended, supplemented, restated or otherwise modified).

"Natural Gas Act" shall mean the Natural Gas Act, 15 U.S.C.ss.ss.717(a)-717(w).

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

"Net Cash Proceeds" means, with respect to any sale, transfer or other disposition of any asset or the sale or issuance of any equity interests (including, without limitation, any capital contribution) by any Person, the gross cash proceeds received (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when such cash is received) by or on behalf of such Person in connection with such transaction net of only (a) reasonable transaction costs, including customary and reasonable brokerage commissions, underwriting fees and discounts, legal fees, fees paid to accountants and financial advisors, finder's fees and other similar fees and commissions, (b) the amount of taxes payable in connection with or as a result of such transaction, (c) the amount of any Debt by the terms of the agreement or instrument governing such Debt (including, without limitation, the Barrett Loan Agreement and the WECI Note), that is required to be repaid or cash collateralized in the case of letters of

credit, upon such disposition, including any premium, make-whole or breakage amount related thereto, (d) payments of unassumed liabilities relating to the assets sold at the time of, or within 60 days after, the date of such sale, and provided that such gross proceeds shall not include any portion of such gross cash proceeds which the Borrower determines in good faith should be reserved for post-closing adjustments (including indemnification payments, tax expenses and purchase price adjustments, to the extent the Person delivers to the Agent a certificate signed by an officer of such Person as to such determination), it being understood and agreed that on the day that all such post-closing adjustments have been determined (which shall not be later than 120 days following the date of the respective disposition; provided, further that such 120-day period shall be extended to the extent any amount of such proceeds is subject to a good faith dispute or claim), the amount (if any) by which the reserved amount in respect of such sale or disposition exceeds the actual post-closing adjustments payable by such Person shall constitute Net Cash Proceeds on such date received by such Person from such sale, lease, transfer or other disposition.

"Net Worth" of any Person means, as of any date of determination, the excess of total assets of such Person plus all non-cash losses resulting from the write-down or disposition of the Trading Book over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of the Borrower in respect of the FELINE PACS.

"NewGP" means a business entity organized under Delaware law, which may be formed before, on or after the date hereof, and which (i) will be at the time of formation a Wholly-Owned Subsidiary of the Borrower, and (ii) will be formed for the sole purpose of acquiring certain Equity Interests in MLP currently held by Williams GP, LLC and acting as the general partner of MLP.

"Non-Recourse Debt" means (i) any Debt incurred by any Project Financing Subsidiary to finance the acquisition (other than the acquisition from the Borrower or any Subsidiary of the Borrower that is not a Project Financing Subsidiary), improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or providing financing for, a project listed on Schedule VI or any new project commenced or acquired after July 31, 2002, which Debt does not provide for recourse against the Borrower or any Subsidiary of the Borrower (other than a Project Financing Subsidiary and such recourse as exists under a Performance Guaranty) or any property or asset of the Borrower or any Subsidiary of the Borrower (other than Equity Interests in, or the property or assets of, a Project Financing Subsidiary) and (ii) any refinancing of such Debt that does not increase the outstanding principal amount thereof at the time of the refinancing or increase the property subject to any Lien securing such Debt or otherwise add additional security or support for such Debt.

"Notice of Letter of Credit" has the meaning specified in Section 2.10(a).

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

"Obligations" means all Reimbursement Obligations and all other Debt, advances, debts, liabilities, obligations, indemnities, covenants and duties owing by the Borrower or any Guarantor to any Bank, the Agent, the Collateral Agent, the Collateral Trustee, the Surety Administrative Agent, any Issuing Bank, or any other Person required to be indemnified under any Credit Document, of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, arising under or in connection with this Agreement or any other Credit Document or any of the transactions evidenced by this Agreement or any other Credit Document, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term "Obligations" includes all interest, charges, expenses, fees, attorneys' fees and disbursements and any other sum chargeable to the Borrower under this Agreement or any other Credit Document.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Performance Guaranty" means any guaranty issued in connection with any Non-Recourse Debt that (i) if secured, is secured only by assets of or Equity Interests in a Project Financing Subsidiary, and (ii) guarantees to the provider of such Non-Recourse Debt or any other Person (a) performance of the improvement, installation, design, engineering, construction, acquisition, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or any portion of the project that is financed by such Non-Recourse Debt, (b) completion of the minimum agreed equity contributions to the relevant Project Finance Subsidiary, or (c) performance by a Project Financing Subsidiary of obligations to Persons other than the provider of such Non-Recourse Debt.

"Permitted Dispositions" means (a) the disposition of the assets or Persons set forth in Schedule XIV or the assets currently owned by such Persons and (b) the TWC Asset Dispositions.

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

"Permitted Refinancing Debt" has the meaning assigned thereto on Schedule III.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other Business 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 of the Borrower for

employees of the 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.

"Pledge Agreement" means a Pledge Agreement executed by the Borrower and certain Guarantors in substantially the form of Exhibit I.

"Plowshare Transaction" means the retirement of the Interests of the Class B Preferred Member in PPH (each as defined in the PPH Sponsor Agreement), held by Plowshare Investors LLC, a Delaware limited liability company, by PPH.

"PPH Company Agreement" means the Amended and Restated Limited Liability Company Agreement of Piceance Production Holdings LLC, dated as of December 31, 2001, by and among Williams Production RMT Company, a Delaware corporation, Bison Royalty LLC, a Delaware limited liability company, Plowshare Investors LLC, a Delaware limited liability company, and Piceance Production Holdings LLC, a Delaware limited liability company.

"PPH Sponsor Agreement" means the PPH Sponsor Agreement, dated as of December 31, 2001, by TWC in favor of Piceance Production Holdings LLC, Plowshare Investors LLC and the other indemnified parties named therein (as the same may from time to time be amended, modified or supplemented).

"Prairie Wolf Facility" means the financing provided in connection with that certain $611,788,868 Joint Venture Sponsor Agreement dated as of December 28, 2000 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Sponsor Agreement"), among TWC, as Sponsor, and Williams Field Services Company, in favor of Prairie Wolf Investors, Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons (as defined in the Sponsor Agreement) listed therein.

"Prairie Wolf Purchase Option Agreement" means the Purchase Option Agreement, dated as of December 28, 2000, among TWC, Prairie Wolf Investors, L.L.C., Citicorp North America, Inc., Ambac Private Holdings, L.L.C., Westboro Properties L.L.C., Stonehurst Capital L.L.C., BSCS XXXIX, Inc., Snow Goose Associates, L.L.C. and Arctic Fox Assets, L.L.C.

"Prairie Wolf Transaction" means the purchase of the Investor Membership Interest (as defined in the Prairie Wolf Purchase Option Agreement) pursuant to the Prairie Wolf Purchase Option Agreement

"Progeny Facilities" means the financing facilities specifically described on Schedule XI.

"Project Financing Subsidiaries" means any non-material Subsidiary of the Borrower whose principal purpose is to incur Non-Recourse Debt and/or construct, lease, own or operate the assets financed thereby, or to become a direct or indirect partner, member or other equity participant or owner in a Business Entity created for such purpose, and substantially all the assets of which Subsidiary or Business Entity are

limited to (x) those assets being financed (or to be financed), or the operation of which is being financed (or to be financed), in whole or in part by Non-Recourse Debt, or (y) Equity Interests in, or Debt or other obligations of, one or more other such Subsidiaries or Business Entities, or (z) Debt or other obligations of the Borrower or its Subsidiaries or other Persons. For purposes of this definition, a "non-material Subsidiary" shall mean any Consolidated Subsidiary of the Borrower which, as of the date of the most recent Consolidated balance sheet of the Borrower delivered pursuant to Section 4.1(e) or 5.1, has total assets which account for less than five percent (5%) of the total Consolidated assets of the Borrower and its Consolidated Subsidiaries, as shown on such Consolidated balance sheet; provided, that the aggregate assets of the non-material Subsidiaries shall not comprise more than ten percent (10%) of the total Consolidated assets of the Borrower and its Consolidated Subsidiaries, as shown on such Consolidated balance sheet.

"Property" has the meaning specified in the definition of "assets".

"Public Filings" means the Borrower's, NWP's, TGPL's and TGT's (i) annual report on Form 10-K/A for the year ended December 31, 2001, (ii) quarterly report on Form 10-Q for the quarter ended March 31, 2002, (iii) quarterly report on Form 10-Q for the quarter ended June 30, 2002 and (iv) each other quarterly and annual and other reports filed from time to time.

"Purchase Card Agreement" means that certain Purchase Card Agreement among the Borrower and Citibank USA, N.A. dated January 29, 2002.

"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 be determined based on the lowest rating of the Borrower's senior unsecured long-term debt by S&P or Moody's.

"Refined Hydrocarbons" means all products refined, separated, fractionated, settled, and dehydrated from Hydrocarbons and all products derived therefrom, including, without limitation, kerosene, liquefied petroleum gas, refined lubricating oils, diesel fuels, drip gasoline, natural gasoline, helium, sulfur and all other minerals.

"Refineries" means the equity interest in and assets owned by the Midstream Business of the Borrower which produces Refined Hydrocarbons and is owned collectively by the following Subsidiaries: Williams Express, Inc., a Delaware corporation, Williams Alaska Pipeline Company, LLC, a Delaware limited liability company, Williams Alaska Petroleum, Inc., an Alaska corporation, Williams Alaska Air Cargo Properties, LLC, an Alaska limited liability company, Williams Lynx Alaska CargoPort, LLC, an Alaska limited liability company, Williams Express, Inc., an Alaska corporation, Williams Petroleum Pipeline Systems, Inc., a Delaware corporation, Williams Refining & Marketing, LLC, a Delaware limited liability company, Williams Olefins, LLC, a Delaware limited liability company, Williams Olefins Feedstock

Pipelines, LLC, a Delaware limited liability company, Williams Memphis Terminal, Inc., a Delaware corporation, Williams Generating Memphis, LLC, a Delaware limited liability company, EMT (only with respect to its interest in a gas turbine, electric generating facility located in Memphis, Tennessee) and Memphis Generation, L.L.C., a Delaware limited liability company.

"Reg U Limited Assets" means assets that are subject to any arrangement (as contemplated by Regulation U) with any Bank, the Agent, the Collateral Agent, the Collateral Trustee, or any Issuing Bank (i) that restricts the right or ability of the Borrower or its Subsidiaries to sell, pledge or otherwise dispose of (within the meaning of Regulation U) such assets or (ii) that provides that the exercise of such right is or may be cause for accelerating the maturity of all or any portion of any amount payable hereunder or under such arrangement.

"Register" shall mean the books and accounts maintained by the Agent of the interests of each Bank under this Agreement and its Letter of Credit Interest, including records of transfers of any interests in this Agreement and the Letter of Credit Commitment of any Issuing Bank pursuant to Section 9.6.

"Reimbursement Obligations" means, at any time, the obligations of the Borrower then outstanding, or that may thereafter arise, in respect of all Letters of Credit then outstanding to reimburse amounts paid by any Issuing Bank in respect of any drawings under a Letter of Credit.

"Related Party" of any Person means any corporation, partnership, joint venture or other entity of which more than 10% of the outstanding 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 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 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 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 (i) 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 and (ii) neither NewGP nor any Subsidiary of NewGP shall be considered to be a Related Party of NewGP or any Subsidiary of NewGP.

"Restricted Midstream Subsidiaries" means Williams Mobile Bay Producer Services, L.L.C., Williams Field Services-Gulf Coast Company, L.P., Williams Oil Gathering L.L.C., Gulf Liquids Holdings, L.L.C. and Gulf Liquids New River Project, LLC.

"RMT" means Williams Production RMT Company.

"RMT Asset Disposition" means the sale, transfer, lease, distribution or other disposition of the RMT Equity Interests or the assets of RMT LLC, RMT or its Subsidiaries in accordance with the provisions of the Barrett Loan Agreement.

"RMT Equity Interests" means the Equity Interests in RMT and/or each of its Subsidiaries.

"RMT LLC" means Williams Production Holdings LLC.

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

"Sale Agreement" has the meaning specified in Section 5.1(e).

"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 to any other person (a "Transferee"), 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 rent or lease as lessee from such Transferee or any other Person 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.

"Security Agreement" means a Security Agreement executed by the Borrower and certain of the Guarantors in substantially the form of Exhibit F.

"Security Documents" means each Mortgage and Additional Mortgage, the Security Agreement, the Pledge Agreement, the Collateral Trust Agreement and the Guaranties.

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

"Seminole Asset Disposition" means the sale, transfer or other distribution of the Equity Interests in or assets of Seminole and E-Oaktree, LLC.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SPC" has the meaning specified in Section 9.6(g).

"Specified Escrow Arrangements" means (a) encumbrances arising under the Pledge and Assignment Agreement for the Purchase Card Agreement, dated as of January 29, 2002, as amended, supplemented, amended and restated or otherwise modified from time to time, whereby the Borrower has requested that the banks party thereto continue to issue credit under the Purchase Card Agreement; and (b) cash deposits at one or more financial institutions for the purpose of funding any potential shortfall in the daily net cash position of the Borrower or any of its Subsidiaries.

"Stated Termination Date" means July 30, 2003, or such later date, if any as may be agreed to by the Borrower and the Banks pursuant to Section 2.9.

"Subordinated Debt" means any Debt of the Borrower which is effectively subordinated to the obligations of the Borrower hereunder.

"Subject Subsidiaries" means all Subsidiaries of the Borrower other than NewGP and its Subsidiaries.

"Subsidiary" of any Person means (i) any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding 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 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, and (ii) any Person that is under the direct or indirect control of such Person, by voting rights, contract or otherwise, and in accordance with generally accepted accounting principles, is Consolidated with the Borrower in its Consolidated financial statements; provided that, for greater certainty, (x) MLP and its Subsidiaries (A) shall be considered Subsidiaries of NewGP, but (B) shall not otherwise be considered Subsidiaries of the Borrower, any Guarantor, or their respective Subsidiaries and (y) NewGP shall be considered a Subsidiary of the Borrower.

"Surety Administrative Agent" means Citibank, N.A., in its capacity as surety administrative agent under the terms of the Midstream Guaranty and its successors or assigns appointed pursuant to Section 7(e) of the Midstream Guaranty.

"Synthetic Lease" means any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with generally accepted accounting principles and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which such Person is the lessor.

"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 Letter of Credit Commitments pursuant to Section 2.2, 2.8 or 6.1.

"Termination Event" means (i) a "reportable event", as such term is described in Section 4043(c) of ERISA (other than a "reportable event" not subject to the provision for 30-day notice to the PBGC or a "reportable event" as such term is described in Section 4043(c)(3) of ERISA) which might reasonably be expected to result in a termination of, or the appointment of a trustee to administer, a Plan, or which causes the Borrower, due to actions of the PBGC, to be required to contribute at least $75,000,000 in excess of the contributions which otherwise would have been made to fund a Plan based upon the contributions recommended by such Plan's actuary), or (ii) the withdrawal of the Borrower or any ERISA Affiliate of the 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 the Borrower or any ERISA Affiliate of the 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 reasonably be expected to result in the termination of, or the appointment of, a trustee to administer, any Plan under Section 4042 of ERISA.

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

"TGPL Bond Offering" means the $325,000,000, 8.875% Senior Notes issued on July 3, 2002, by TGPL.

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

"Trading Book" means all mark to market daily and forward traded transactions inclusive of structured portfolio transactions consisting primarily of tolling and full requirements transactions.

"Transfer Agreement" means an agreement executed pursuant to Section 9.6 by an assignor Bank and assignee Bank substantially in the form of Exhibit D, which agreement shall be executed by the Borrower and the Agent to evidence the consent of each if such consent is required pursuant to the definition herein of "Eligible Assignee" or the terms of Section 9.6.

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

"TWC Asset Disposition" means the sale by TWC or by any of its Subsidiaries of (a) WPC, (b) the MAPL Asset Disposition, (c) the Seminole Asset Disposition, (d) the Refineries, (e) Williams Soda Products Company and American Soda, L.L.P, (f) Williams TravelCenters, Inc., (g) Williams Bio-Energy, LLC, (h) Williams Ethanol Services, Inc. and (i) Nebraska Energy, L.L.C.

"TWC Preferred Stock" means the shares of preferred stock of TWC which may be mandatorily convertible into shares of common stock of TWC.

"UBOC Turbine Financing" means the transaction contemplated by (a) the Turbine Financing and Agency Agreement, dated as of April 16, 2002, between Union Bank of California, N.A., each of the other financial institutions party thereto as a Lender or a Certificate Holder, WEMT Equipment Statutory Trust 2002 and EMT (the "TFA Agreement") and (b) the Operative Documents and the Lease (as such terms are defined in the TFA Agreement).

"U.S. Dollar Equivalent" of any Canadian Dollar amount means, on any date of determination, the Dollar equivalent of such Canadian Dollar amount determined by the Agent by using the quoted spot rate at which Citibank's principal office in Toronto offers to exchange Dollars for Canadian Dollars in Toronto at 11:00 a.m. (New York City time) on such date, which determination shall be conclusive in the absence of manifest error, or if such principal office is not then quoting such a rate, then such rate as shown on page BOFC of the Reuters screen at such time on such date.

"U.S. Dollar L/C Commitment" of any Issuing Bank means, at any time, the amount set opposite such Bank's name on Schedule IV under the heading "U.S. Dollar L/C Commitments" or as reflected for such Bank in the relevant Transfer Agreement to which it is a party, as such amount may be terminated, reduced or increased pursuant to Section 2.2, Section 2.8, Section 6.1 or Section 9.6(a).

"U.S. Issuing Bank" means Citibank, N.A. and Bank of America N.A., each in its capacity as issuers of Letters of Credit.

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

"WCG Note Trust Bonds" means those certain debt securities issued by WCG Note Trust and WCG Note Corp. on March 28, 2001.

"WCG Senior Notes Issuer" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

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

"WCG Synthetic Lease" means that certain Amended and Restated Lease between State Street Bank and Trust Company of Connecticut, National Association, as

Lessor and Williams Communications, Inc., as Lessee, dated as of September 2, 1998, as amended, which has been terminated and was fully repaid on March 29, 2002.

"WCG Unwind Transaction" means a transaction in which (i) the Borrower's and/or its Subsidiaries' Sale Leaseback transactions, dated as of September 13, 2001, with (x) WCG and its Subsidiary, Williams Technology Center, LLC ("WTC"), involving the Williams Technology Center, and (y) WCG and its Subsidiary, Williams Communications, LLC, involving corporate aircraft (collectively, the "WCG Sale Leaseback") are terminated, (ii) in exchange for such termination, the Borrower receives a promissory note or notes payable by the reorganized WCG, WTC and/or the other WCG Subsidiaries, individually or as co-makers, in an aggregate principal amount of $175,000,000 or less, and (iii) consideration from the Borrower and its Subsidiaries includes termination of the existing WCG Sale Leaseback and transfer of the Equity Interests in Williams Aircraft Leasing, LLC, but does not include any cash payment by the Borrower or any of its Subsidiaries to WCG or WTC.

"WECI Note" means that certain promissory note, dated as of December 28, 2000, issued by Williams Energy (Canada), Inc. in favor of the Registered Holders (as defined therein), as amended by Prairie Wolf Investors, L.L.C. Amendment No. 1, dated as of August 29, 2001, by Amendment No. 2 to Certain Prairie Wolf Operative Documents, dated as of March 28, 2002, and by Amendment No. 3 to Certain Operative Documents and Consents, dated as of October 31, 2002.

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person all of the Equity Interests in which are owned by such Person and/or one or more other Wholly-Owned Subsidiaries of such Person.

"WF Group" means Williams Field Services Group, Inc., a Delaware corporation.

"WGPC" means Williams Gas Pipeline Company, LLC, a Delaware limited liability company.

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

"WPC" means Williams Gas Pipeline Central, Inc., a Delaware corporation.

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 shall be construed in accordance with general accounting principles, and each reference herein to "generally accepted accounting principles" shall mean U.S. generally accepted accounting principles in effect, consistently applied.

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. The term "including" shall mean "including, without limitation,". References to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time so long as such amended, modified or supplemented document, instrument or agreement does not violate the terms of this Agreement.

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 LETTERS OF CREDIT

SECTION 2.1. Fees.

(a) 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.

(b) Letter of Credit Fees.

(i) Issuing Banks. The Borrower agrees to pay to the Agent for the account of each Issuing Bank a fronting fee on the maximum possible amount of each Letter of Credit (for the stated duration thereof, and giving effect to any step up provision or other mechanism for increase that (1) occurs automatically or (2) that is unilaterally exercisable by the Borrower) issued by such Issuing Banks in an amount equal to 0.250% per annum. All amounts payable pursuant to this clause (i) in respect of any Letter of Credit shall be paid on the date such Letter of Credit is issued.

(ii) Participating Banks. The Borrower agrees to pay to the Agent for the account of each Bank (in accordance with their respective LC Participation Percentage) a letter of credit fee (1) on the sum of the aggregate outstanding Letter of Credit Commitments of all Issuing Banks at the time of determination less the aggregate outstanding stated amount of the Letters of Credit issued by the Issuing Banks at such time in an amount equal to the Applicable LC Commitment Margin in effect from time to time per annum and (2) on the issued and outstanding stated amount of the Letters of Credit at the time of determination issued by the Issuing Banks in an amount equal to the Applicable Issued LC Margin in effect from time to time per annum (for the stated duration thereof, and giving effect to any step up provision or other mechanism for increase that (x) occurs automatically or (y) is unilaterally exercisable by the Borrower). All amounts payable pursuant to this clause (ii) shall be paid in arrears on the last day of each March, June, September and December and on the Termination Date.

The letter of credit fees referred to in this Section 2.1(b) not paid on the date due shall accrue interest until such letter of credit fees are paid in full, due and payable on demand, at a per annum rate equal at all times to the sum of Base Rate plus 6.5% per annum.

SECTION 2.2. 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 Letter of Credit Commitments; 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 Letter of Credit Commitments shall not be reduced to an amount which is less than the aggregate amount of all Letter of Credit Liabilities.

SECTION 2.3. Prepayments.

(a) The Borrower may, upon notice to the Agent before 10:00 A.M. (New York City time) on the date of prepayment stating the proposed date (which shall be a Business Day) and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, Cash Collateralize the outstanding Letter of Credit Liabilities in whole or in part, together with accrued interest and fees to the date of such Cash Collateralization on the Cash Collateralized Letter of Credit Liabilities; provided, however, that each partial Cash Collateralization pursuant to this Section 2.3(a) shall be in an aggregate principal amount not less than the lesser of (1) $5,000,000 and (2) the aggregate outstanding Letter of Credit Liabilities at the time of such Cash Collateralization.

(b) By no later than five Business Days from the date of receipt by the Borrower or any of its Subject Subsidiaries of any Net Cash Proceeds from (i) any asset disposition (other than the MAPL Asset Disposition, the Seminole Asset Disposition, dispositions permitted in Section 5.2(e)(i) and (iii) and any disposition of Collateral (other than the Refineries in Alaska and Memphis and the assets related thereto)), (ii) an issuance of TWC Preferred Stock, (iii) any disposition of Collateral permitted pursuant to Section 5.2(e) (other than the Refineries in Alaska and Memphis and the assets related thereto and any disposition permitted in Section 5.2(e)(i) and (iii)), or (iv) any issuance of Equity Interests by the Borrower (other than TWC Preferred Stock), the Borrower shall apply such Net Cash Proceeds as follows:

(A) So long as the aggregate Commitments (as defined in the Multiyear Williams Credit Agreement each time used in this Section 2.3(b)) of the lenders to TWC under the Multiyear Williams Credit Agreement are greater than $400,000,000:

(1) in the case of any such Net Cash Proceeds arising from any disposition referred to in clause (i) above which consists of the Refinery in Alaska owned by certain Subsidiaries and the assets related thereto, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis to the permanent ratable reduction of the respective Commitments of the lenders to TWC under the Multiyear Williams Credit Agreement;

(2) in the case of any such Net Cash Proceeds arising from any asset disposition referred to in clause (i) above and not otherwise applied pursuant to sub-clause (1) above (including any disposition of the Refinery in Memphis, Tennessee owned by certain Subsidiaries and the assets related thereto), 50% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the respective Commitments of the lenders to TWC under the Multiyear Williams Credit Agreement, (y) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(3) in the case of any such Net Cash Proceeds arising from an issuance of TWC Preferred Stock referred to in clause (ii) above, 100% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the respective Commitments of the lenders to TWC under the Multiyear Williams Credit Agreement, (y) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(4) in the case of any such Net Cash Proceeds arising from any disposition of Collateral referred to in clause (iii) above, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the respective Commitments of the lenders to TWC under the Multiyear Williams Credit Agreement and (y) Cash Collateralization of the Letter of Credit Commitments; and

(5) in the case of any such Net Cash Proceeds arising from any issuance of Equity Interests referred to in clause (iv) above, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (w) reduction of the respective Commitments of the lenders to TWC under the Multiyear Williams Credit Agreement, (x) Cash Collateralization of the Letter of Credit Commitments, (y) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(B) From such time that the aggregate Commitments of the lenders to TWC under the Multiyear Williams Credit Agreement are equal to or less than $400,000,000:

(1) 50% of any Net Cash Proceeds arising from an asset disposition referred to in clause (A)(1) or (A)(4) above shall be applied, first, to fully Cash Collateralize the Letter of Credit Commitments, second, upon the Letter of Credit Commitments being fully Cash Collateralized, to a pro-rata and permanent ratable (without duplication) (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and third, upon the full Cash Collateralization of the Letter of Credit Commitments, the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero, and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the lenders under the Multiyear Williams Credit Agreement;

(2) 50% of any Net Cash Proceeds arising from an asset disposition referred to in clause (A)(2) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs and, second, upon the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the lenders under the Multiyear Williams Credit Agreement;

(3) 100% of any Net Cash Proceeds arising from an issuance of TWC Preferred Stock referred to in clause (A)(3) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs and, second, upon the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the lenders under the Multiyear Williams Credit Agreement; and

(4) 50% of any Net Cash Proceeds arising from an issuance of Equity Interests referred to in clause (A)(5) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) Cash Collateralization of the Letter of Credit Commitments, (x) reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and second, upon the full Cash Collateralization of the Letter of Credit Commitments, the reduction of the outstanding amounts of the Progeny Facilities (excluding the Prairie Wolf Facility) to zero, and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the lenders under the Multiyear Williams Credit Agreement;

provided that no such mandatory (w) reduction of the Commitments of the lenders under the Multiyear Williams Credit Agreement, (x) reduction of the outstanding amounts of the Progeny

Facilities (excluding the Prairie Wolf Facility), (y) cash collateralization of the Legacy L/Cs, or (z) Cash Collateralization of the Letter of Credit Commitments shall be required pursuant to this Section 2.3(b) until the earlier of (A) such time as the aggregate amount of Net Cash Proceeds from such asset dispositions and equity issuances that have not previously been applied to a mandatory reduction of the Commitments shall exceed $50,000,000 and (B) the end of the Fiscal Quarter in which such Net Cash Proceeds are received by the Borrower or any of its Subject Subsidiaries.

(c) All amounts received by the Agent from either the Collateral Agent or the Collateral Trustee pursuant to any Security Document shall be applied first, to reimburse the Collateral Agent for all costs and expenses incurred by the Collateral Agent in connection with, and other amounts expended by the Collateral Agent for which the Collateral Agent is entitled to reimbursement under, any Credit Document, and second, as set forth in Section 6.2.

(d) In the event that on any Business Day the aggregate amount of all Letter of Credit Liabilities exceeds the aggregate Letter of Credit Commitments (the amount of such excess herein referred to as the "Excess Exposure"), the Borrower will deliver to the Agent, at its address specified in Section 9.2, on the next Business Day, for deposit into an LC Cash Collateral Account, an amount at least equal to such Excess Exposure.

(e) In the event that the U.S. Dollar Equivalent of the outstanding amount of all Canadian Letters of Credit exceeds $50,000,000 for any period of three consecutive Business Days (the amount of such excess at the close of business on the third Business Day of such period herein referred to as the "Additional Excess Exposure"), TWC shall deliver to the Agent, at its address specified in Section 9.2, on the next Business Day following such three consecutive Business Day period for deposit into the LC Cash Collateral Account, an amount in Dollars equal to the Additional Excess Exposure.

SECTION 2.4. Increased Costs.

(a) If any Bank or Issuing 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 Issuing Bank, as the case may be, or any corporation controlling such Bank or Issuing Bank, as the case may be, and that the amount of such capital is increased by or based upon the existence of such Bank's or such Issuing Bank's, as the case may be, commitment to issue Letters of Credit or purchase participations in Letters of Credit and other commitments of this type, then, upon demand by such Bank or Issuing Bank, as the case may be (with a copy of such demand to the Agent), the Borrower shall immediately pay to the Agent for the account of such Bank or Issuing Bank, as the case may be, from time to time as specified by such Bank or Issuing Bank, as the case may be, additional amounts sufficient to compensate such Bank or Issuing Bank, as the case may be, or such corporation in the light of such circumstances, to the extent that such Bank or Issuing Bank, as the case may be, reasonably determines such increase in capital to be allocable to the existence of such Bank's or such Issuing Bank's, as the case may be, commitment to issue Letters of Credit or purchase participations in Letters of Credit hereunder. A certificate as to the amount of such additional amounts, submitted to the Borrower and the Agent by such Bank or Issuing Bank, as the case

may be, shall be prima facie evidence of the amount of such additional amounts. No Bank or Issuing Bank shall have any right to recover any additional amounts under this Section 2.4(a) for any period more than 90 days prior to the date such Bank or Issuing Bank, as the case may be, notifies the Borrower of any such compliance.

(b) In the event that any Bank makes a demand for payment under Section 2.6 or this Section 2.4, the Borrower may within ninety (90) days of such demand, if no Default or Event of Default then exists, replace such Bank with another commercial bank in accordance with all of the provisions of the second and third sentences of Section 9.6(a), and clauses (b) and (d) of Section 9.6 (including execution of an appropriate Transfer Agreement); provided that (i) all obligations of such Bank to purchase participations in Letters of Credit shall be terminated and the Letter of Credit Interests held by 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 shall be an Eligible Assignee, (iii) such replacement bank shall, from and after such replacement, be deemed for all purposes to be a "Bank" hereunder with Letter of Credit Liabilities in the amount of the Letter of Credit Liabilities of such Bank immediately prior to such replacement (plus, if such replacement bank is already a Bank prior to such replacement the respective Letter of Credit Liabilities of such Bank 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, including obligations under Section 2.10, 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 specification of the information contemplated by Schedule I as to such replacement bank).

(c) Before making any demand under this Section 2.4, each Bank agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different 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 2.5. 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 (i) in the case of any payment in respect of Canadian Letters of Credit, in Canadian Dollars to the Canadian Issuing Bank at its Toronto address referred to in Section 9.2 and (ii) in the case of all other payments, in Dollars to the Agent at its New York address referred to in Section 9.2, in each case in same day funds, without deduction, counterclaim or offset of any kind. The Agent or Canadian Issuing Bank, as the case may be, will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest or letter of credit fees to the Banks for the account of their respective 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 Lending Office, in each case to be applied in accordance with the terms of this Agreement. The Agent will promptly pay to the Collateral Agent like funds relating to the payment of any amount payable to the Collateral Agent. In no event shall any Bank be entitled to share any fee paid to the Agent pursuant to Section 2.1(a),

any other fee paid to the Agent, as such, or any fronting fee paid to an Issuing Bank pursuant to Section 2.1(b).

(b) [Intentionally Omitted.]

(c) (i) All computations of interest based on clause (a) or clause (b) of the definition herein of "Base Rate" 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 Federal Funds Rate or clause (c) of the definition herein of Base Rate shall be made by the Agent, and all computations of letter of credit fees shall be made by the Issuing Bank that issued the relevant Letter of Credit, 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 letter of credit fees are payable. Each determination by the Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder 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 letter of credit fee, as the case may be.

(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 2.6. Taxes.

(a) Any and all payments by the Borrower hereunder shall be made, in accordance with Section 2.5, 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 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 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 2.6) 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 from the execution, delivery or registration of, or otherwise with respect to, this Agreement (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Bank, each Issuing Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.6) owed and paid by such Bank, such Issuing 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, such Issuing 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 2.6 to indemnify a Bank, an Issuing Bank or the Agent for Taxes or Other Taxes which were paid by such Bank, such Issuing Bank or the Agent, as the case may be, more than ninety days prior to such written demand for indemnification.

(d) In the event that a Bank, an Issuing 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, such Issuing Bank or Agent, as the case may be, shall promptly notify the Borrower in writing and provide the Borrower with a copy of such communication. The Agent's, an Issuing Bank's 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 hereunder.

(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 9.2, the original or a certified copy of a receipt evidencing payment thereof. Should any Bank, any Issuing Bank or the Agent ever receive any refund, credit or deduction from any taxing authority to which such Bank, such Issuing Bank or the Agent, as the case may be, would not be entitled but for the payment by the Borrower of Taxes as required by this Section 2.6 (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, such Issuing Bank or the Agent, as the case may be, in its reasonable judgment), such Bank, such Issuing 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, such Issuing Bank or the Agent, as the case may be, and determined by such Bank, such Issuing 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 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 Credit 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 2.6 (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 2.6 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 2.6 agrees to use reasonable efforts to change the jurisdiction of its 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 2.6 shall survive the payment in full of principal and interest hereunder and the Termination Date.

(j) Notwithstanding any provision of this Agreement to the contrary, this Section 2.6 shall be the sole provision governing indemnities and claims for taxes under this Agreement.

SECTION 2.7. 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 its Letter of Credit Interest (other than pursuant to Section 2.6 or 9.4(b)) in excess of its ratable share of payments on account of all Letter of Credit Interests obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the Letter of Credit Interests of such other Banks 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 2.7 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 2.8. 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 l3d-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 on, 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 or nominated 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 to the Borrower, declare all of the obligations of the Banks with respect to any Letter of Credit issued after the date of such termination and the obligation of each Issuing Bank to issue Letters of Credit to be terminated, whereupon all of the Letter of Credit Commitments and each such obligation of the Banks (including the obligation to issue or participate in any new Letter of Credit issued after such termination, but specifically excluding the obligation of each Bank to participate in Letters

of Credit outstanding at the time of such termination) shall forthwith terminate, and the Borrower shall not have any further right to obtain Letters of Credit hereunder.

SECTION 2.9. Extension of Termination Date. By notice given to the Agent and the Banks, at least thirty days but not more than forty-five 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 2.10. Letter of Credit Facility. Subject to the terms and conditions of this Agreement, the Letter of Credit Commitments may be utilized, upon the request of the Borrower, by the issuance by any Issuing Bank (such issuance, and any funding of a draw thereunder, to be made by the Issuing Banks in reliance on the agreements of the other Banks in this Section) of standby letters of credit (collectively, the "Letters of Credit", and each a "Letter of Credit") for the account of the Borrower or any of its Subsidiaries; provided that in no event shall (i) the aggregate amount of all Letter of Credit Liabilities exceed the aggregate Letter of Credit Commitments, (ii) at the time of issuance, the U.S. Dollar Equivalent of the outstanding amount of all Canadian Letters of Credit exceed $50,000,000, (iii) the aggregate amount of all Letters of Credit issued by any Issuing Bank exceed the Letter of Credit Commitment of such Issuing Bank, (v) the aggregate amount of all Letters of Credit issued by the Issuing Banks hereunder exceed the aggregate U.S. Dollar L/C Commitment, (v) the expiration date of any Letter of Credit extend beyond the date that is ten Business Days prior to the Stated Termination Date then in effect, (vi) any Canadian Letter of Credit be payable in any currency other than Canadian Dollars, (vii) any U.S. Letter of Credit be payable in any currency other than Dollars or (viii) any Letter of Credit be payable in more than one currency. The following additional provisions shall apply to Letters of Credit:

(a) Notice of Issuance. The Borrower shall give the Agent and the Issuing Bank from which it is requesting a Letter of Credit at least three Business Days' (or such shorter period as agreed to by the Agent and such Issuing Bank) prior notice, in the form of Exhibit E (a "Notice of Letter of Credit"), specifying the Business Day such Letter of Credit is to be issued and the account party or parties therefor and describing in reasonable detail the proposed terms of such Letter of Credit (including the beneficiary thereof) and the nature of the transactions or obligations proposed to be supported thereby; provided that (i) Canadian Letters of Credit shall be issued only by the Canadian Issuing Bank and (ii) the Canadian Issuing Bank shall not be required to issue any Letter of Credit other than Canadian Letters of Credit.

(b) Participations in Letters of Credit. On each day during the period commencing with the issuance by any Issuing Bank of any Letter of Credit and until such Letter of Credit shall have expired or been terminated, the Letter of Credit Commitment of each Issuing Bank shall be deemed to be utilized for all purposes of this Agreement in an amount equal to the stated amount of such Letter of Credit. Each Bank agrees that, upon the issuance of any Letter of Credit hereunder by any Issuing Bank, it shall

automatically acquire a participation in such Issuing Bank's liability under such Letter of Credit in an amount equal to such Bank's LC Participation Percentage of such liability, and each Bank thereby shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and shall be unconditionally obligated to such Issuing Bank to the extent provided in this Section 2.10.

(c) Reimbursement Obligations; Notice of Drawings. Upon receipt from the beneficiary of any Letter of Credit of any demand for payment under such Letter of Credit, the Issuing Bank that issued such Letter of Credit shall promptly notify the Borrower (through the Agent) of the amount to be paid by such Issuing Bank as a result of such demand and the date on which payment is to be made by such Issuing Bank to such beneficiary in respect of such demand, which shall be (unless same day payment is required by the terms of such Letter of Credit pursuant to a request of the Borrower) at least one Business Day after the date on which the Agent shall deliver such notice to the Borrower pursuant to this sentence. Notwithstanding the identity of the account party of any Letter of Credit, the Borrower hereby unconditionally agrees to pay and reimburse the Agent for the account of the Issuing Bank that issued a Letter of Credit for the amount of each demand for payment under such Letter of Credit that is in substantial compliance with the provisions of such Letter of Credit at or prior to the date on which payment is to be made by such Issuing Bank to the beneficiary thereunder, without presentment, demand, protest or other formalities of any kind, together with interest thereon at a rate per annum equal to the Base Rate plus 6.5% per annum for the period from the date of such demand until the date of such reimbursement. The Borrower's obligations to reimburse each Issuing Bank as provided herein shall be absolute, unconditional and irrevocable under all circumstances whatsoever, including the following circumstances: (i) any lack of validity of this Agreement, the other Credit Documents or the other documents to be delivered under this Agreement; (ii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against the Agent, any Bank, any Issuing Bank or any other Person, whether in connection with the transactions contemplated by this Agreement or any unrelated transaction; (iii) any action or inaction taken or suffered by any Issuing Bank under a Letter of Credit if taken in good faith and in conformity with applicable law; (iv) the payment by any Issuing Bank under a Letter of Credit against presentation of a demand, statement or other document which in the sole discretion of such Issuing Bank substantially complies with the terms of such Letter of Credit, including any demand, statement or other document which is forged, fraudulent, invalid or inaccurate in any respect; (v) any exchange, release or non-perfection of any collateral for, or any release or amendment or waiver of or consent to departure from any guarantee of, all or any of the Obligations of the Borrower in respect of any Letter of Credit; and (vi) any determination of invalidity or unenforceability with respect to any Letter of Credit after payment by an Issuing Bank thereunder.

(d) Payments by Banks to Issuing Banks. To the extent that the Borrower fails to make any payment to an Issuing Bank that the Borrower is required to make pursuant to Section 2.10(c), each Bank (other than such Issuing Bank) shall pay to the Agent, for the account of such Issuing Bank in Dollars (or, in the case of Canadian Letters of Credit, in Canadian Dollars) and in immediately available funds, the amount of

such Bank's LC Participation Percentage of any payment under a Letter of Credit upon notice by such Issuing Bank (through the Agent) to such Bank requesting such payment and specifying such amount. Each such Bank's obligation to make such payment to the Agent for the account of such Issuing Bank under this Section 2.10(d), and such Issuing Bank's right to receive the same, shall be absolute and unconditional and shall not be affected by any circumstance whatsoever other than the gross negligence or willful misconduct of such Issuing Bank in making payment under such Letter of Credit, including the failure of any other Bank to make its payment under this Section 2.10(d), the financial condition of the Borrower (or any account party in respect of such Letter of Credit), the existence of any Event of Default or the termination of the Letter of Credit Commitments. If any Bank shall default in its obligation to make any such payment to the Agent for the account of an Issuing Bank, for so long as such default shall continue the Agent may, at the request of such Issuing Bank, withhold from any payments received by the Agent under this Agreement for the account of such Bank the amount so in default and, to the extent so withheld, pay the same to such Issuing Bank for application to such defaulted obligation.

(e) Participations in Reimbursement Obligations. Upon the making of each payment by a Bank to an Issuing Bank pursuant to Section 2.10(d) in respect of any Letter of Credit, such Bank shall, automatically and without any further action on the part of the Agent, any Issuing Bank or such Bank, acquire (i) a funded participation in an amount equal to such payment in the Reimbursement Obligation owing to such Issuing Bank by the Borrower hereunder and under the Letter of Credit Documents relating to such Letter of Credit and (ii) a participation in a percentage equal to such Bank's LC Participation Percentage in any interest or other amounts payable by the Borrower hereunder and under such Letter of Credit Documents in respect of such Reimbursement Obligation (other than the fronting fee contemplated by Section 2.1(b)(i)). Upon receipt by any Issuing Bank from or for the account of the Borrower of any payment in respect of any Reimbursement Obligation or any such interest or other amount (including by way of setoff or application of proceeds of any collateral security), such Issuing Bank shall promptly pay to the Agent, for the account of each Bank entitled thereto, such Bank's participation percentage of such payment, each such payment by such Issuing Bank to be made in the same currency and funds in which received by any Issuing Bank. In the event any payment received by such Issuing Bank and so paid to the Banks hereunder is rescinded or must otherwise be returned by any Issuing Bank, each Bank shall, upon the request of such Issuing Bank (through the Agent), repay to such Issuing Bank (through the Agent) the portion of such payment paid to such Bank.

(f) Information Provided by Issuing Banks to Banks. Promptly after the issuance of or amendment to any Letter of Credit, the Issuing Bank that issued such Letter of Credit will notify the Agent and the Borrower in writing of such issuance or amendment and such notice shall be accompanied by a copy of such issuance or amendment. Upon receipt of such notice, the Agent shall notify each Bank of such issuance or amendment and, if requested by a Bank, the Agent shall provide such Bank with copies of such issued or amended Letter of Credit.

(g) Conditions Precedent to Issuance, Extension and Modification. The issuance by any Issuing Bank of a Letter of Credit, or any extension of any outstanding Letter of Credit, shall be subject to satisfaction of each of the conditions precedent set forth in Article III, and shall further be subject to the conditions precedent that (i) such Letter of Credit shall be in such form and contain such terms as shall be reasonably satisfactory to such Issuing Bank consistent with its then current practices and procedures of general applicability with respect to letters of credit of the same type and (ii) the Borrower shall have executed and delivered such agreements and other instruments relating to such Letter of Credit as such Issuing Bank shall have reasonably requested consistent with its then current practices and procedures of general applicability with respect to letters of credit of the same type; provided that in the event of any conflict between any such application, agreement or other instrument and the provisions of this Agreement, the provisions of this Agreement shall control. The issuance by any Issuing Bank of any modification or supplement to any Letter of Credit hereunder shall be subject to the same conditions applicable under this Section 2.10 to the issuance of new Letters of Credit, and no such modification or supplement shall be issued hereunder unless the Letter of Credit affected thereby would have complied with such conditions had it originally been issued hereunder in such modified or supplemented form.

(h) Interest Payable to Issuing Banks by Banks. To the extent that any Bank shall fail to pay any amount required to be paid pursuant to Section 2.10(d) or (e) on the due date therefor, such Bank shall pay interest to the Issuing Bank owed such amount (through the Agent) on such amount from and including such due date to but excluding the date such payment is made at a rate per annum equal to the Federal Funds Rate.

(i) Indemnification of the Banks, Issuing Banks and Agent. The Borrower hereby indemnifies and holds harmless each Bank, each Issuing Bank and the Agent from and against any and all claims, damages, losses, liabilities, costs and expenses that such Bank, such Issuing Bank or the Agent may incur (or that may be claimed against such Bank, such Issuing Bank or the Agent by any Person whatsoever) by reason of or in connection with the execution and delivery or transfer of or payment or refusal to pay by each Issuing Bank under any Letter of Credit (EXPRESSLY INCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH BANK, SUCH ISSUING BANK OR THE AGENT, AS THE CASE MAY BE, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH BANK, SUCH ISSUING BANK AND THE AGENT). IT IS THE INTENT OF THE PARTIES HERETO THAT EACH BANK, EACH ISSUING BANK OR THE AGENT, AS THE CASE MAY BE, SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 2.10(I), BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE; provided that the Borrower shall not be required to indemnify any Bank, any Issuing Bank or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) in the case of each Issuing Bank, the willful misconduct or gross negligence of such Issuing Bank in determining whether a request presented under any Letter of Credit complied with the terms of such Letter of Credit or (y) in the case of any

Bank, such Bank's failure to pay its Letter of Credit Liabilities pursuant to Sections 2.10(d), (e) and (h).

ARTICLE III
CONDITIONS

SECTION 3.1. Conditions Precedent to Effectiveness of Agreement. Subject to Section 3.3 below, the amendment and restatement of the Existing Credit Agreement and the obligation of each Issuing Bank to maintain existing issued Letters of Credit as Letters of Credit under this Agreement and to issue new Letters of Credit under this Agreement is subject to the condition precedent that the Agent shall have received the following, in form and substance satisfactory to the Agent (and the Banks, in the case of the Security Documents) and in sufficient copies (if applicable) for each Bank:

(a) Certified copies of the resolutions of the Board of Directors, or the Executive Committee thereof, of the Borrower and each of its Subsidiaries being a party to any Security Document authorizing the execution of this Agreement, the other Credit Documents to which the Borrower or such Subsidiary is a party, and each Notice of Letter of Credit, and all other documents, in each case evidencing any necessary company action and governmental approvals, if any, with respect to each such Credit Document.

(b) A certificate of the Secretary or an Assistant Secretary of the Borrower and each of its Subsidiaries being a party to any Security Document certifying (i) that attached thereto are true and correct copies of the Certificate of Incorporation and Bylaws, or other applicable formation documents, of the Borrower or such Subsidiary, together with any amendments thereto, and (ii) the names and true signatures of the officers of the Borrower or such Subsidiary authorized to sign each Credit Document.

(c) Opinions of each of (i) William G. von Glahn, General Counsel of the Borrower, substantially in the form of Exhibit A hereto and (ii) New York counsel to the Borrower and Guarantors, substantially in the form of Exhibits B-1 and B-2 hereto, and, in each case, as to such other matters as any Bank through the Agent may reasonably request.

(d) A duly executed and effective amendment and restatement of the Multiyear Williams Credit Agreement and amendment of each of the Progeny Facility documents, other than those automatically amended by virtue of the amendment to the Multiyear Williams Credit Agreement, each dated the date of this Agreement.

(e) 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.

(f) A duly executed and effective amendment to the Pledge Agreement, Security Agreement, Collateral Trust Agreement, LLC Guaranty, and Midstream Guaranty each dated the date of this Agreement.

(g) A duly executed and fully effective amendment and restatement of the Holdings Guaranty.

(h) A certificate of an officer of the Borrower and each of its Subsidiaries being a party to any Security Document, dated as of the date of the execution and delivery of this Agreement (the statements made in each such certificate shall be true on and as of such date), certifying as to (i) the truth, in all material respects, of the representations and warranties contained in this Agreement (in the case of the Borrower only) and the Credit Documents as though made on and as of the date of the execution and delivery of this Agreement other than any such representations or warranties that, by their terms, refer to a specific date other than such date, in which case as of such specific date and (ii) the absence of any event (x) occurring and continuing after giving effect to this Agreement, the Barrett Loan Agreement and the agreements referred to in Section 3.1(d) hereof, and assuming the consummation of the transactions contemplated thereby, or (y) resulting from the execution and delivery of this Agreement and the Credit Documents and the performance of the Borrower or such Subsidiary, as applicable, of its obligations hereunder or under any other Credit Document, that constitutes an Event of Default (other than any Event of Default which may arise as a result of a draw or the probability of a draw under a letter of credit).

(i) The Borrower shall have paid in full all accrued fees and expenses of the Agent (including the accrued fees and expenses of counsel to the Agent and local counsel to the Agent).

(j) Counterparts of this Agreement, duly executed on behalf of the Borrower and the Majority Banks.

For purposes of determining compliance with the conditions specified in this Section 3.1, each Bank shall be deemed to have (i) consented to, approved, authorized and accepted and to be satisfied with each document or other matter required under this Section 3.1 (provided that each Bank has received access to a copy of each document set forth in clauses (f) and (g) hereof and the Multiyear Williams Credit Agreement) and (ii) authorized the Collateral Agent and the Collateral Trustee to execute the documents set forth in clauses (f) and (g) hereof, as applicable, unless both (x) an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received written notice from such Bank prior to the issuance of the initial Letter of Credit under this Agreement specifying its objection thereto and (y) such Bank shall not have accepted any portion of the fees set forth in Section 2.1(b). The Agent shall give the Borrower notice when all actions required by Section 3.1 have been satisfied.

SECTION 3.2. Conditions Precedent to an Issuance of a Letter of Credit. The obligation of each Issuing Bank to issue a Letter of Credit (including the initial Letter of Credit) shall be subject to the further conditions precedent that on the date of the requested issuance of such Letter of Credit, the following statements shall be true (and each of the giving of the

applicable Notice of Letter of Credit and the issuance of such Letter of Credit shall constitute a representation and warranty by the Borrower that on the date such Letter of Credit is issued such statements are true):

(a) the representations and warranties contained in Section 4.1 and in each of the Security Documents are correct on and as of the date of such Letter of Credit, before and after issuance of such Letter of Credit, as though made on and as of such date (unless such representation and warranty speaks solely as of a particular date or a particular period, in which case, as of such date or for such period),

(b) no event has occurred and is continuing, or would result from the issuance of such Letter of Credit, which constitutes a Default or Event of Default, and

(c) after giving effect to such Letter of Credit and Letters of Credit which have been requested by the Borrower on or prior to such date but which have not been made or issued prior to such date, the sum of the aggregate amount of all Letter of Credit Liabilities will not exceed the aggregate of the Letter of Credit Commitments.

SECTION 3.3. Special Condition to Effectiveness of Certain Provisions. Notwithstanding any contrary term or provision in Section 3.1 or elsewhere in this Agreement, amendments relating to (x) the release of Collateral and (y) Section 9.1, to the extent not permitted in the Existing Agreement without the consent of all Banks, shall be of no force and effect until (a) the Agent shall have received (i) a duly executed counterpart hereof from each Bank listed on the signature pages hereof and (ii) a duly executed counterpart of the Multiyear Williams Credit Agreement from each lender being a party thereto and (b) all other conditions set forth in Section 3.1 are fully satisfied.

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 Material Subsidiaries taken as a whole. Each Material Subsidiary (other than

NewGP, if applicable) 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 Material Subsidiaries taken as a whole (other than NewGP, if applicable). Each Material Subsidiary (other than NewGP, if applicable) 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 Material Subsidiaries (other than NewGP, if applicable) taken as a whole.

(b) After giving effect to this Agreement, the Multiyear Williams Credit Agreement, the Barrett Loan Agreement and the Progeny Facilities and assuming the consummation of the transactions contemplated thereby, the execution, delivery and performance by each of the Borrower and the Guarantors of the Credit Documents to which it is a party and the consummation of the transactions contemplated thereby are within the Borrower's or such Guarantor's, as the case may be, 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 or such Guarantor's, as the case may be, charter, by-laws or formation agreement or (ii) law or any restriction under any material agreement binding on or affecting the Borrower or any Guarantor (other than any default which may arise as a result of a draw or the probability of a draw under a letter of credit) 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 or any Guarantor of any Credit Document to which any of them is a party, or the consummation of the transactions contemplated thereby.

(d) Each Credit Document to which the Borrower or any Guarantor is a party has been duly executed and delivered by such Person and is the legal, valid and binding obligation of such Person enforceable against such Person 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.

(e) (i) The Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at December 31, 2001, and the related Consolidated statements of income and cash flows of the Borrower and its Consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at March 31, 2002, and the related unaudited Consolidated statements of income and cash flows of the Borrower and its Consolidated 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 sheet as at March 31, 2002, and such statements of income and cash flows for the three months then ended, subject to year-end audit adjustments and the lack of footnotes) the Consolidated

financial condition of the Borrower and its Consolidated Subsidiaries as at such dates and the Consolidated results of operations of the Borrower and its Consolidated Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Except as has been disclosed to each Bank, from December 31, 2001 to the date of this Agreement, there has been no material adverse change in the Consolidated financial condition or Consolidated results of operations of the Borrower and its Consolidated Subsidiaries.

(i) The unaudited Consolidated balance sheet of WGPC and its Consolidated Subsidiaries as at December 31, 2001, and the related unaudited Consolidated statements of income and cash flows of WGPC and its Consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the unaudited Consolidated balance sheet of WGPC and its Consolidated Subsidiaries as at March 31, 2002, and the unaudited related Consolidated statements of income and cash flows of WGPC and its Consolidated Subsidiaries for the three months then ended, duly certified by an authorized financial officer of WGPC, copies of which have been furnished to each Bank, fairly present (in the case of such balance sheet as at March 31, 2002, and such statements of income and cash flows for the three months then ended, subject to year-end audit adjustments and the lack of footnotes) the Consolidated financial condition of WGPC and its Consolidated Subsidiaries, respectively, as at such dates and the Consolidated results of operations of WGPC and its Consolidated Subsidiaries, respectively, for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied. From December 31, 2001 to the date of this Agreement, there has been no material adverse change in the Consolidated financial condition or Consolidated results of operations of WGPC and its Consolidated Subsidiaries.

(ii) The unaudited Consolidated balance sheet of WF Group and its Consolidated Subsidiaries as at December 31, 2001, and the related unaudited Consolidated statements of income and cash flows of WF Group and its Consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, and the unaudited Consolidated balance sheet of WF Group and its Consolidated Subsidiaries as at March 31, 2002, and the related unaudited Consolidated statements of income and cash flows of WF Group and its Consolidated Subsidiaries for the three months then ended, duly certified by an authorized financial officer of WF Group, copies of which have been furnished to each Bank, fairly present (in the case of such balance sheet as at March 31, 2002, and such statements of income and cash flows for the three months then ended, subject to the lack of footnotes) the Consolidated financial condition of WF Group and its Consolidated Subsidiaries as at such dates and the Consolidated results of operations of WF Group and its Consolidated Subsidiaries for the year and three month period, respectively, ended on such dates, all in accordance with generally accepted accounting principles consistently applied.

(f) Except as set forth on Schedule XV or 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, any Guarantor or any

Material Subsidiary (other than NewGP, if applicable) of the Borrower or against any of its or their respective properties or revenues 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 other Credit Document.

(g) No Letter of Credit has been or will be used for any purpose or in any manner contrary to the provisions of Section 5.2(m).

(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 Federal Reserve Board), and no proceeds of any issuance of a Letter of Credit will be used to purchase or carry any such margin stock (other than purchases of common stock expressly permitted by Section 5.2(m)) or to extend credit to others for the purpose of purchasing or carrying any such margin stock. Following application of the proceeds of each issuance of a Letter of Credit, no more than 25% of the value of the Reg U Limited Assets of the Borrower will consist of margin stock (as defined in Regulation U), and no more than 25% of the value of the Reg U Limited Assets of the Borrower and its Subsidiaries on a consolidated basis will consist of margin stock (as defined in Regulation U).

(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 (other than NewGP, if applicable) of the Borrower. The Borrower has not nor has any ERISA Affiliate of the Borrower 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 (other than NewGP, if applicable) of the Borrower 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 respective Material Subsidiaries (other than NewGP, if applicable) are in compliance in all material respects with all Environmental Protection Statutes to the extent material to the operations or the consolidated financial condition of the Borrower and its Consolidated Subsidiaries taken as a whole. 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 Consolidated 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 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 Consolidated Subsidiaries, taken as a whole. Each of the Borrower and its respective Material Subsidiaries (other than NewGP, if applicable) holds, or has submitted a good faith application for, all Environmental Permits (none of which has been terminated or denied) required for any of its current operations or for any property owned, leased, or otherwise operated by it; and is, and within the period of all applicable statutes of limitation has been, in compliance with all of its Environmental Permits.

(n) Other than the Permitted Liens, the Borrower and its Subject Subsidiaries have good, valid and indefeasible title to, or a valid leasehold interest in, its respective property and to all property reflected by its respective balance sheet referenced in clause (e) above as being owned by the Borrower (except property sold or otherwise disposed of by the Borrower or its Subject Subsidiaries in conformity with the terms and conditions of the Multiyear Williams Credit Agreement). Each of the Borrower and the Midstream Subsidiaries have sufficient title to all Midstream Assets they collectively own and operate as is necessary for the conduct of the Midstream Business after the date hereof in accordance with the ownership and operation of the Midstream Business in the twelve months prior to the date hereof. There exists, or following completion of the post-closing items more fully described in Schedule XII, there will exist an Acceptable Security Interest in all Collateral other than the Excluded Collateral.

(o) After giving effect to this Agreement and the concurrent amendments to various financing arrangements and agreements of the Borrower and its Subsidiaries, the Borrower and each Guarantor, individually and together with its Subsidiaries, is Solvent.

(p) The Persons listed on Schedule X are all of the Midstream Subsidiaries and own, lease or hold all Midstream Assets necessary and/or appropriate for the operation and carrying on of the Midstream Business associated with the Midstream Assets as conducted during the 12 months preceding the date hereof.

(q) Neither the Borrower nor any Guarantor is in default under or with respect to any of its margin requirements and capital assurance requirements in any respect which could reasonably be expected to have a material adverse effect on the Midstream Business of the Borrower or any Guarantor. No Default or Event of Default has occurred and is continuing.

(r) Except as would not have a material adverse effect on the conduct of the Midstream Business conducted by the Midstream Subsidiaries, the various gathering systems which comprise part of the Midstream Assets are covered by recorded fee deeds, right of ways, easements, leases, servitudes, permits, licenses, or other instruments in favor of the Midstream Subsidiaries (or their predecessors in title) and their successors and assigns, which instruments establish a contiguous right of way for the respective gathering systems and grant the right to construct, operate, and maintain the respective gathering system in, over, under, and across the land covered thereby; provided that certain licenses and permits from railroads, utilities, owners of meter sites and various state and local Governmental Authorities and rights granted by Hydrocarbon producers on their respective properties may not be recorded. The pipelines comprising the various gathering systems which are part of the Midstream Assets of the Midstream Subsidiaries are located within the confines of contiguous rights of way and do not encroach upon any adjoining property in any material respects. The rights of ingress and egress held by the Midstream Subsidiaries with respect to such gathering systems allow the applicable Midstream Subsidiaries to inspect, operate, repair, and maintain such gathering systems in a normal manner consistent with past practices.

ARTICLE V
COVENANTS OF THE BORROWER

SECTION 5.1. Affirmative Covenants. So long as any Letter of Credit shall remain outstanding, any Letter of Credit Liability shall exist or any Issuing Bank shall have any Letter of Credit 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 Subject 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 Subject Subsidiaries taken as a whole), such compliance to include 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 Subject Subsidiaries or upon any of its property or any property of any of its Subject Subsidiaries, and all lawful claims which, if unpaid, might become a Lien upon any property of it or any of its Subject Subsidiaries; provided that neither the Borrower nor any Subject 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 Subject 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 Default or 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 Default or Event of Default 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, (1) the unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and the unaudited Consolidated statements of income and cash flows of the Borrower and its Consolidated 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 and the lack of footnotes) 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 as of the date on which such financial statement is required to be delivered hereunder, the Borrower shall not be obligated to furnish copies of such financial statement; and (2) a certificate of an authorized financial officer of the Borrower (a) stating that he has no knowledge that a Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action, if any, which the Borrower proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of Sections 5.2(b) and 5.2(c);

(iii) as soon as available and in any event not later than 105 days after the end of each fiscal year of the Borrower, (1) a copy of the annual audit report for such year for the Borrower and its Consolidated Subsidiaries, including therein the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Consolidated Subsidiaries for such fiscal year, in each case prepared in accordance with generally accepted accounting principles and reported on 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 as of the date on which such financial statement is required to be delivered hereunder, the Borrower shall not be obligated to furnish copies of such financial statement; and (2) a letter 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 Consolidated Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default or Event of Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default or Event of Default 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 Sections 5.2(b) and 5.2(c), (which letter may nevertheless be limited in form, scope and substance to the extent required by applicable accounting rules or guidelines in effect from time to time);

(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 of the 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 the Borrower or any Material Subsidiary of the 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 the Borrower or any Material Subsidiary of the Borrower, 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 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 of the 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 the Borrower or any ERISA Affiliate of the Borrower 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 of the Borrower from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate of the 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 the Borrower or any ERISA Affiliate of the 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 the Borrower or any ERISA Affiliate of the Borrower;

(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;

(xi) promptly after any withdrawal or termination of any letter of credit, guaranty, insurance or other credit enhancement referred to in the third 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; and

(xii) Promptly after any officer of the Borrower obtains knowledge thereof, notice of (1) any material violation of, noncompliance with, or remedial obligations under, any Environmental Protection Statute, or notification of such violation or noncompliance received from any Governmental Authority, and (2) any material release or threatened material release of Hazardous Substance or Hazardous Waste affecting any property owned, leased or operated by the Borrower or any Subsidiary of the Borrower that the Borrower or such Subsidiary is compelled by the requirements of any Environmental Protection Statute to report to any governmental agency, department, board or other instrumentality.

(c) Maintenance of Insurance. Maintain, and cause each of its Material Subsidiaries (other than NewGP, if applicable) 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 such Material 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 Subject Subsidiaries (other than the WCG Senior Notes Issuer) 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 Subject 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 Subject Subsidiary of the Borrower, where the failure of such Subject 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 Subject Subsidiaries may consummate any merger or consolidation permitted pursuant to Section 5.2(d), (iv) the Borrower and any of its Subject 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, and (v) Permitted Dispositions and other dispositions permitted hereunder.

(e) Acceptable Security Interest. Cause an Acceptable Security Interest to exist at all times in all Collateral, except as to the Excluded Collateral and as otherwise contemplated by Section 5.1(g). Notwithstanding the foregoing, if the Borrower and its Subsidiaries, as applicable, have not entered into and duly executed a purchase and sale agreement (the "Sale Agreement") for the Refineries on or before December 31, 2002, with an agreed closing date of no later than March 31, 2003, then the Borrower shall grant an Acceptable Security Interest over any part of the Refineries to the extent owned by the Borrower or any of its Subsidiaries within 15 Business Days of the earlier of (i) December 31, 2002, if the Sale Agreement in connection with such part of the Refineries has not been executed by December 31, 2002, and (ii) March 31, 2003, if the sale in connection with such part of the Refineries has not been fully and duly consummated and closed by March 31, 2003, and all filing fees, expenses, mortgage taxes and any other costs and expenses of the Collateral Agent or Collateral Trustee incurred in connection therewith shall be payable by the Borrower on demand.

(f) Further Assurances. At any time and from time to time, the Borrower shall, at its expense, promptly execute and deliver to the Collateral Trustee and/or the Collateral Agent such further instruments and documents, and take such further action (including, without limitation, with respect to the granting of an Acceptable Security Interest, on any personal or real property of the Borrower, any Restricted Midstream Subsidiary which, on the date of this Agreement, is subject to any contractual restriction prohibiting the granting of such a Lien on such property, if such contractual restriction

shall terminate prior to the Termination Date), as the Majority Banks may from time to time reasonably request, in order to further carry out the intent and purpose of the Credit Documents and to establish and protect the rights, interests and remedies created, or intended to be created, in favor of the Collateral Trustee, Collateral Agent or any of the Banks, including the execution, delivery, recordation and filing of security agreements, financing statements and continuation statements under the law of any applicable jurisdiction and mortgages and deeds of trust necessary to grant an Acceptable Security Interest on all Collateral (other than any item of Collateral included in the definition of "Excluded Collateral" and subject to a contractual restriction prohibiting the granting of a Lien hereunder which contractual restriction has not terminated) of the Borrower and its Subsidiaries whether such Collateral is now owned, leased, possessed by license or any other means of acquiring a possessory interest or hereafter acquired or possessed (each such mortgage or deed of trust being an "Additional Mortgage"); provided, however, that neither NewGP, nor MLP, nor their respective Subsidiaries shall be required to grant a Lien on any of their property.

(g) Post-Closing Requirements. On or before the dates more fully set forth in Schedule XII hereto, the Borrower shall satisfy, or shall cause the satisfaction, of the items more fully set forth in such Schedule XII.

(h) Subsidiaries. (i) Give the Agent thirty days prior written notice of the creation or acquisition of any Subsidiary, other than (w) a Project Financing Subsidiary, (x) NewGP, (y) any Subsidiary of NewGP or Apco Argentina, Inc. or (z) the WCG Senior Notes Issuer and (ii) concurrently with the creation or acquisition of any such Subsidiary, cause such Subsidiary, other than (w) a Project Financing Subsidiary, (x) NewGP, (y) any Subsidiary of either MLP or NewGP or (z) the WCG Senior Notes Issuer, to provide to the Collateral Agent a Security Agreement granting an Acceptable Security Interest in the Equity Interests of such Subsidiary for the benefit of the Collateral Trustee, appropriate legal opinions and, if such Subsidiary owns any real property, a Mortgage covering such real property, all of which shall be in the form and substance satisfactory to the Collateral Agent; provided, however, that the requirements set forth in this clause (ii) shall not apply to any Subsidiary of the Borrower newly created solely in connection with Permitted Dispositions or any sales and dispositions permitted by Section 5.2(e) so long as the Permitted Disposition or other sale or disposition is consummated within sixty (60) days after the creation of such Subsidiary; provided, further, that if such Permitted Disposition or other sale or disposition is not consummated within such sixty (60) day period, the requirements set forth in clause (ii) above shall apply with respect to such Subsidiary on the Business Day immediately following the end of such sixty (60) day period.

(i) Bond Proceeds. Cause the net proceeds from the TGPL Bond Offerings to be maintained in a separate, segregated account in the name of TGPL to be used solely as set forth in the offering documents for the TGPL Bond Offering.

(j) Midstream Subsidiaries. Cause the representation set forth in Section 4.1(p) to be true at all times; provided that, for purposes of this clause (j), Schedule X shall be deemed to be modified from time to time to reflect the (x) divestiture of

Midstream Subsidiaries and (y) formation of new Midstream Subsidiaries, in each case to the extent such divestiture or formation has been made in accordance with the terms of this Agreement.

(k) Cash Deposits. Maintain all or substantially all of its and its Subject Subsidiaries' cash deposits with one or more of the lenders under the Multiyear Williams Credit Agreement, other than any cash deposits held in local operational accounts or any international accounts.

(l) Barrett Liquidity Reserve. Cause RMT to at all times maintain the "Borrower Liquidity Reserve" (as defined in the Barrett Loan Agreement).

(m) Replacement of Legacy L/C with Letter of Credit. Cause the issuance of a letter of credit to replace a Legacy L/C to the extent the replacement of such Legacy L/C shall be necessary to prevent the occurrence of a default in relation to, and draw on, such Legacy L/C.

SECTION 5.2. Negative Covenants. So long as any Letter of Credit Liability shall exist or any Issuing Bank shall have any Letter of Credit 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 Subject 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 Subject Subsidiary to assign or otherwise convey, any right to receive income, in each case to secure or provide for the payment of any Debt, trade payable or other obligation or liability of any Person (other than obligations or liabilities that are (i) neither Debt nor trade payables, (ii) incurred, and are owed to trading counterparties, in the ordinary course of the trading business of the Borrower or any Subject Subsidiary, and (iii) secured only by cash, short-term investments or a Letter of Credit and (iv) permitted by Section 5.2(o)); provided, however, that notwithstanding the foregoing (1) the Borrower or any of its Subject Subsidiaries may create, incur, assume or suffer to exist Permitted Liens and (2) RMT and RMT LLC may create, incur, assume or suffer to exist any Lien created pursuant to the Barrett Loan Agreement.

(b) Debt.

(i) In the case of the Borrower, permit the ratio of (A) the aggregate amount of Consolidated Debt of the Borrower and its Consolidated Subsidiaries to (B) the sum of the Consolidated Net Worth of the Borrower plus the aggregate amount of Consolidated Debt of the Borrower and its Consolidated Subsidiaries to exceed at any time (i) on or before December 30, 2002, 0.70 to 1.00, (ii) after December 30, 2002 and on or before March 30, 2003, 0.68 to 1.00 and (iii) after March 30, 2003, 0.65 to 1.00.

(ii) With respect to each of TGPL, TGT and NWP, permit the ratio of (A) the aggregate amount of Consolidated Debt of such Subsidiary and its Consolidated Subsidiaries to (B) the sum of the Consolidated Net Worth of such

Subsidiary plus the aggregate amount of Consolidated Debt of such Subsidiary and its Consolidated Subsidiaries to exceed at any time 0.55 to 1.00.

(c) Cash Flow to Interest Expense Ratio. Permit, for any period of four consecutive quarters, the ratio of (A) the sum of Cash Flow plus Interest Expense to (B) Interest Expense to be less than 1.5 to 1.0.

(d) Merger and Sale of Assets. Merge or consolidate with or into any other Person, or sell, lease or otherwise transfer a material part of its assets, or permit any of its Major Subsidiaries (other than Apco Argentina, Inc. and its Subsidiaries and NewGP, if applicable) to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer a material part of such Major Subsidiary's assets, except that this Section 5.2(d) shall not prohibit any sale or transfer permitted by Section 5.2(e), (f) or (o) or any Permitted Disposition.

(e) Asset Disposition. Sell, lease, transfer or otherwise dispose of, or permit any of its Material Subsidiaries or the Guarantors to sell, lease, transfer or otherwise dispose of, any property of the Borrower or any Guarantor or Material Subsidiary of the Borrower, except:

(i) sales of inventory in the ordinary course of business and on reasonable terms;

(ii) sales of worn out, surplus, or obsolete equipment in the ordinary course of business, if no Event of Default exists at the time of such sale;

(iii) replacement of equipment in the ordinary course of business with other equipment at least as useful and beneficial to the Borrower or its Material Subsidiaries and their respective businesses as the equipment replaced if no Event of Default exists at the time of such replacement and an Acceptable Security Interest exists in such other equipment at the time of such replacement;

(iv) sales of other immaterial Property (other than Equity Interests, Debt or other obligations of any Subsidiary) in the ordinary course of business and on reasonable terms, if no Event of Default exists at the time of such sale; provided that Property may not be sold pursuant to this clause (iv) if the aggregate fair market value of all Property sold pursuant to this clause (iv) exceeds $250,000 in any year;

(v) sales or other dispositions of assets which are not Collateral for cash in arm's length transactions;

(vi) sales, leases, transfers or other dispositions of the Refineries (in whole or in part, including to each other);

(vii) the MAPL Asset Disposition and Seminole Asset Disposition;

(viii) sales or other dispositions of assets of NewGP or its Subsidiaries and the transfer by Williams GP LLC to NewGP of the general partnership interests and incentive distribution rights in MLP;

(ix) Permitted Dispositions;

(x) sale of Equity Interests in NewGP;

(xi) transfers by the Guarantors to other Guarantors and transfers by non-Guarantor Subsidiaries to any other Subsidiary, in each case in the ordinary course of business;

(xii) transfers to the State of California of up to 6 turbines in connection with the settlement of the California Proceedings,

(xiii) the Arctic Fox Capital Contribution; and

(xiv) transfers of Assets and Property by Subsidiaries of TGT which may not be restricted pursuant to that certain Indenture, dated as of April 11, 1994, between TGT and The Chase Manhattan Bank, as Trustee;

provided that, (A) 50% of the gross cash proceeds resulting from any disposition of Collateral permitted pursuant to clauses (ii), (iv) through (vii), (ix) and (x), shall be deposited immediately upon receipt to the Collateral Account to be maintained with, and under the control of, the Collateral Trustee pursuant to the Collateral Trust Agreement and applied in accordance with the terms and conditions of this Agreement and the Multiyear Williams Credit Agreement and (B) assets disposed of pursuant to clauses (i) through (v) shall not constitute a material part of the assets of TGPL, TGT or NWP and (C) with respect to any Collateral replaced, exchanged or transferred (in the case of clause (xi) only), or any non-cash proceeds received from the sale, transfer or other disposition of Collateral, in each case pursuant to this Section 5.2(e), the Borrower shall undertake all actions as more fully set forth in, and subject to, Section 5.1(f) to (1) grant an Acceptable Security Interest in favor of the Collateral Trustee on any new Collateral resulting from any such replacement or exchange or on the non-cash proceeds received from the sale or other disposition of Collateral and (2) in the case of Collateral transferred pursuant to clause (xi), to maintain an Acceptable Security Interest on such transferred Collateral.

In connection with a requested release of Collateral pursuant to this Section 5.2, the Borrower shall deliver a Release Notice (as defined in the Collateral Trust Agreement) to the Collateral Trustee and the Collateral Trustee shall be required to forward such notice to the designated group pursuant to the terms of Section 2.5 of the Collateral Trust Agreement. If the notice period specified in the Collateral Trust Agreement expires prior to the Collateral Trustee receiving any objection to the specified release, then (x) the Collateral Trustee will execute and deliver all documents as may reasonably be requested to effect a release of the Liens on any such Collateral held by the Collateral Trustee pursuant to the Collateral Trust Agreement and the other Security Documents, (y) any Guarantor that is the owner of the assets subject to a disposition

permitted pursuant to this Section 5.2(e) and whose entire Equity Interests are being conveyed in connection with such disposition, together with the Subsidiary or Subsidiaries that own such Equity Interests with respect to such ownership, shall be automatically released as a Guarantor under the Midstream Guaranty and as a party, or parties if applicable, to the Collateral Trust Agreement, Pledge Agreement and Security Agreement and (z) each Bank shall be deemed to have affirmatively approved the release of such Collateral and to the extent applicable, the release of such Guarantor, and its owners to the extent applicable, from the terms and conditions of the Midstream Guaranty, Collateral Trust Agreement, Pledge Agreement and Security Agreement.

Notwithstanding anything in this Section 5.2(e) to the contrary, and for greater certainty, nothing in this Agreement shall prohibit (1) the transfer of Equity Interests of RMT from TWC to RMT LLC or any RMT Asset Disposition or (2) TWC or any of its Subsidiaries (including RMT LLC, RMT and their respective Subsidiaries) from selling, leasing, transferring or otherwise disposing of any property of the Borrower or any Subsidiaries of the Borrower in accordance with the provisions of the Barrett Loan Agreement. For the avoidance of doubt, the modification or limitation of voting rights with respect to any Equity Interests shall not constitute a disposition of property.

The Banks hereby acknowledge that Williams Midstream Natural Gas, Inc. has entered into a storage lease more fully described on Schedule XVI attached hereto. The property subject to the lease is encumbered by Liens granted pursuant to the Security Documents. The Banks hereby authorize and instruct the Collateral Trustee to execute the Non-Disturbance and Attornment Agreement substantially in the form attached hereto as part of Schedule XVI.

(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 Equity Interests or any direct or indirect interest in any Equity Interests in any Material Subsidiary (other than NewGP, if applicable, the Refineries, MAPL, Seminole and their respective Subsidiaries and the Persons or assets referenced on Schedule XIV); provided, however, that this Section 5.2(f) shall not prohibit (i) Permitted Liens, (ii) the sale or other disposition of the Equity Interests in 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 a Default or 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 any other Credit Document and the Borrower shall continue to exist, (iii) any Subsidiary from selling or otherwise disposing of any direct or indirect Equity Interests in any Subsidiary of the Borrower (other than TGPL, TGT or NWP), (iv) any RMT Asset Disposition, (v) the sale or other disposition of the Equity Interests in any Subsidiary of the Borrower pursuant to, and in accordance with, the Barrett Loan Agreement, or (vi) any Permitted Disposition; provided that, except with respect to any Permitted Disposition or any RMT Asset Disposition, after giving effect to any sale or other disposition of any Equity Interests

owned directly or indirectly by a Major Subsidiary, such Subsidiary continues to be a Major Subsidiary. Nothing herein shall be construed to permit the Borrower or any of its Subject Subsidiaries to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by Section 5.2(h).

(g) Agreements to Restrict Certain Transfers. Enter into or suffer to exist, or permit any of its Subject Subsidiaries to enter into or suffer to exist, any consensual encumbrance or consensual restriction (except under governmental regulations) on its ability or the ability of any of its Subject Subsidiaries (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 of its Subject Subsidiaries; or (ii) to make loans or advances to the Borrower or any Subject Subsidiary thereof, except, as to (i) and (ii) above, (1) encumbrances and restrictions on any Subsidiary that is not a Material Subsidiary, (2) those encumbrances and restrictions existing on July 31, 2002, (3) other customary encumbrances and restrictions now or hereafter existing of the Borrower or any Subsidiary thereof 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 July 31, 2002, (4) encumbrances or restrictions on any Subsidiary that is obligated to pay Non-Recourse Debt arising in connection with such Non-Recourse Debt, (5) encumbrances and restrictions on Apco Argentina, Inc. or its Subsidiaries and (6) encumbrances and restrictions on any Subsidiary pursuant to the Barrett Loan Agreement.

(h) Loans and Advances; Investments. (i) Make or permit to remain outstanding, or allow any of its Subject Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt or Equity Interests of, any WCG Subsidiary, except that the Borrower and its Subject Subsidiaries may (1) permit to remain outstanding, and to replace or refinance, loans and advances and other financing arrangements to, or Equity Interest in, a WCG Subsidiary existing or owned (in the case of such Equity Interests) as of July 31, 2002 and listed on Exhibit C hereof, but no such replacement or refinancing shall exceed the amount of such loans, advances or other amounts outstanding immediately prior to such replacement or refinancing, (2) pursuant to the WCG Unwind Transaction, acquire and own the promissory notes referred to in clause (ii) of the definition herein of WCG Unwind Transaction, (3) receive any distribution from WCG or any Subsidiary thereof in connection with the bankruptcy proceedings of WCG or any Subsidiary thereof and (4) purchase WCG Note Trust Bonds in accordance with Section 5.2(o). Except for those investments permitted in subsections (1), (2) and (3) above, the Borrower shall not, and the Borrower shall not permit any of its Subject Subsidiaries to, acquire or otherwise invest in Equity Interests in, or make any loan or advance to, a WCG Subsidiary; and

(ii) to the extent not expressly permitted by the terms of this Agreement, (x) amend or modify in any manner the Barrett Loans or the Barrett Loan Agreement on terms or conditions which would (1) increase the collateral therefor to include assets not owned by Barrett on the date hereof except for assets acquired hereafter by Barrett in the ordinary course of business as presently conducted by Barrett, (2) shorten the maturity of the Barrett Loans or (3) add any

additional obligors with respect thereto or (y) replace or refinance the Barrett Loans unless the Board of Directors of TWC shall determine by resolution that such replacement or refinancing is on the best terms reasonably available to TWC or Barrett at such time.

(i) Compliance with ERISA. (i) Terminate, or permit any ERISA Affiliate of the Borrower to terminate, any Plan so as to result in any material liability of the Borrower or any Material Subsidiary (other than NewGP, if applicable) of the Borrower or any ERISA Affiliate to the PBGC, if such material liability of such ERISA Affiliate could reasonably be expected to have a material adverse effect on the Borrower or any Material Subsidiary (other than NewGP, if applicable) of the Borrower, or (ii) permit to occur any Termination Event with respect to a Plan which would have a material adverse effect on the Borrower or any Subject Subsidiary of the Borrower.

(j) 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 Material 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 Material Subsidiary in the good faith judgment of the Borrower.

(k) Guarantees. After July 31, 2002, enter into any agreement to guarantee or otherwise become contingently liable for, or permit any of its Subject Subsidiaries to guarantee or otherwise become contingently liable for, Debt or any other obligation of any WCG Subsidiary or to otherwise assure a WCG Subsidiary, or any creditor of a WCG Subsidiary, against loss, except as set forth in Exhibit C.

(l) Sale and Lease-Back Transactions. Enter into, or permit any of its Subject Subsidiaries (other than Apco Argentina, Inc.) 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 (y) of Schedule III.

(m) Use of Proceeds. Use any Letter of Credit for any purpose other than general corporate purposes relating to the business of the Borrower and its Subsidiaries, (including working capital and capital expenditures), or use any Letter of Credit in any manner which violates or results in a violation of law; provided, however, that no Letter of Credit 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 Letter of Credit will be used to purchase or carry any margin stock (within the meaning of Regulation U issued by the Federal Reserve Board). Notwithstanding anything to the contrary contained herein, if any, (i) with respect to EMT, Letters of Credit shall only be used, directly or indirectly, as necessary for the orderly disposition of the Trading Book and (ii) no Letter of Credit shall be used to pay any principal amounts outstanding, interest, fees or other costs with respect to the Barrett Loan, it being understood that Letters of Credit may be used to support margin requirements with regard to Hedge Agreements on oil and gas.

(n) Restricted Payments. (i) Other than in connection with the Castle Transaction, the Arctic Fox Capital Contribution and the Plowshare Transaction, declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Person thereof) as such, or permit any of its Subject Subsidiaries (other than Apco Argentina, Inc., TGT (to the extent there exists any contractual restriction prohibiting the Subsidiaries of TGT from restricting their ability to pay dividends) and their respective Subsidiaries) to do any of the foregoing, (ii) permit any of its Subject Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Borrower or (iii) permit its Subject Subsidiaries to make any prepayment with respect to any Debt (other than Debt issued or incurred in connection with the Progeny Facilities and related documents, Debt issued or incurred in accordance with the terms of Section 2.3(b), Debt issued prior to July 31, 2002 pursuant to the certain Indenture dated May 1, 1990 with Transco Energy Company as issuer and Bank of New York as trustee, as supplemented from time to time, the WCG Note Trust Bonds, Debt under the Barrett Loan Agreement, Debt of Subsidiaries of TGT and Debt incurred in connection with the UBOC Turbine Financing) or repurchase any Debt securities except any repurchase or prepayment required by the terms thereof in effect on July 31, 2002, except that, so long as no Default shall have occurred and be continuing at the time of any action described in clauses (i), (ii) (other than with respect to RMT LLC and its Subsidiaries) and (iv) below or would result therefrom:

(i) the Borrower may (A) declare and pay cash dividends and distributions on its (1) 9 7/8ths% Cumulative Convertible Preferred Stock, (2) December 2000 Cumulative Convertible Preferred Stock and (3) March 2001 Mandatorily Convertible Single Reset Preferred Stock, (B) declare and pay cash dividends and distributions on TWC Preferred Stock issued on or after July 30, 2002 in form and substance satisfactory to the Agent and (C) in any Fiscal Quarter, declare and pay cash dividends to its holders of common stock and purchase, redeem, retire or otherwise acquire shares of its own outstanding common stock for cash if after giving effect thereto the aggregate amount of such dividends, purchases, redemptions, retirements and acquisitions paid or made in any such Fiscal Quarter would be not greater than the sum of $6,250,000;

(ii) the Borrower or any Subsidiary of the Borrower may (A) declare and pay cash dividends or pay subordinated loans owed to the Borrower and (B) declare and pay cash dividends or pay subordinated loans, in each case in the ordinary course of business consistent with past practice, owed to any other Subsidiary of the Borrower (and payments to the holders of the Designated Minority Interests made concurrently with and in the same form as the payments to Subsidiaries of the Borrower);

(iii) the Borrower or any Subsidiary of the Borrower may make payments to non-Subsidiaries to the extent required under Financing Transactions or other agreements in effect as of July 31, 2002, including, without limitation, payments made in connection with a downgrade by S&P and Moody's of the Borrower's senior unsecured long-term debt rating; and

(iv) the Borrower or any Subsidiary of the Borrower may make payments to non-Subsidiaries to the extent required under the organizational documents of the Deepwater JV.

(o) Investments in Other Persons. Make or hold, or permit any of its Subject Subsidiaries to make or hold, any Investment in any Person, except:

(i) equity Investments by the Borrower and its Subsidiaries in their Subsidiaries outstanding on July 31, 2002 and additional Investments in Subsidiaries engaged in businesses reasonably related to the businesses carried on by the Borrower and its Subsidiaries on July 31, 2002 (including, without limitation, the Arctic Fox Capital Contribution); provided, that any such additional cash Investments shall not exceed $75,000,000 annually, except to the extent such cash Investments are immediately returned to the Person making such Investment as a dividend, distribution or repayment of Debt;

(ii) loans and advances to employees in the ordinary course of the business of the Borrower and its Subsidiaries as presently conducted;

(iii) Investments of the Borrower and its Subsidiaries in Cash Equivalents;

(iv) Investments existing on July 31, 2002 or commitments for such Investments existing on July 31, 2002 and Investments made pursuant to such commitments after July 31, 2002;

(v) Investments by the Borrower and its Subsidiaries in Hedge Agreements entered into in the ordinary course of business and not for speculative purposes;

(vi) Investments consisting of intercompany debt;

(vii) Investments consisting of (A) the purchase of WCG Note Trust Bonds in an aggregate principal amount not to exceed $75,000 or (B) the Equity Interests in the WCG Senior Notes Issuer;

(viii) Investments by Apco Argentina, Inc. or its Subsidiaries in accordance with applicable laws and their governing documents; provided that such Investments shall only be made using cash generated solely by their business, operations and financings;

(ix) Investments not exceeding $12,000,000 in Williams Coal Seam Gas Royalty Trust units pursuant to agreements in place on the date hereof; provided that the purchase price of such units shall not exceed the then existing market price for such units;

(x) Investments consisting of the acquisition of Equity Interests of the Deepwater JV in exchange for the contribution of Deepwater Assets to the Deepwater JV and Investments made to maintain such Equity Interests;

(xi) Investments in Persons that are not Subsidiaries required to be made by the Borrower or any of its Subsidiaries in order to avoid default pursuant to agreements in existence on July 31, 2002;

(xii) any Investments necessary to maintain, in accordance with the partnership agreement, the 2% general partnership interest of NewGP in the MLP; provided, that the aggregate annual amount of such Investments under this clause (xii) shall not exceed $10,000,000;

(xiii) Investments permitted by Section 5.2(h);

(xiv) the Investment in the 0.2% general partnership interest in West Texas LPG Pipelines;

(xv) Investments by EMT contemplated by the UBOC Turbine Financing; and

(xvi) other Investments in an aggregate amount invested not to exceed $50,000,000 annually; provided that, with respect to Investments made under this clause (xvi), (1) any newly acquired or organized Subsidiary of the Borrower or any of its Subsidiaries shall be a Wholly-Owned Subsidiary thereof; (2) immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom; and (3) any company or business acquired or invested in pursuant to this clause (xv) shall be in the same line of business as the business of the Borrower or any of its Subsidiaries.

(p) Subsidiary Debt. Permit any of its Subject Subsidiaries to create, incur, assume or suffer to exist Debt, other than (except as set forth in either Section 6(f) of the LLC Guaranty or Section 6(e) of the Holdings Guaranty) (i) Debt incurred, assumed or suffered to exist by TGPL, TGT, NWP or Apco Argentina, Inc. or their Subsidiaries, (ii)

Debt incurred, assumed or suffered to exist by Subsidiaries (other than those referred to in clause (i) and Subsidiaries the stock of which is pledged under the Pledge Agreement) in an aggregate amount not to exceed $50,000,000 at any one time outstanding, (iii) Debt in existence on July 31, 2002, (iv) Debt under the Guaranties, (v) Debt of the Project Financing Subsidiaries, (vi) Debt under the Barrett Loan Agreement, (vii) Debt consisting of intercompany debt so long as the obligations of the debtors thereunder are subordinated to their obligations under the Credit Documents and are incurred in the ordinary course of the cash management system of the Borrower and its Subsidiaries, (viii) any Permitted Refinancing Debt incurred in exchange for, or the net proceeds of which are used to refund, refinance or replace Debt permitted to be incurred under this clause (p), and (ix) Debt incurred in connection with the Deepwater Transactions and the UBOC Turbine Financing.

(q) Agreement to Restrict Transfers to NewGP. Transfer, or permit any of its Subject Subsidiaries to transfer, any property to NewGP, except (x) a transfer to NewGP of the Equity Interest in MLP held by Williams GP LLC or (y) any other transfer necessary to maintain the 2% general partnership interest of NewGP in the MLP; provided, that the aggregate annual amount of such Investments under clause (y) shall not exceed $10,000,000.

(r) (R)Prepayments of Progeny Facilities and Legacy L/Cs. From July 31, 2002, prepay any Progeny Facility or reduce the commitment of any lender under any Progeny Facility, or cash collateralize any Legacy L/C; provided, that the Borrower may (i) prepay any Progeny Facility, (ii) reduce the commitment of any lender under any Progeny Facility and (iii) cash collateralize any Legacy L/C under any of the following circumstances:

(1) the Borrower may apply Net Cash Proceeds as required by Section 2.3(b);

(2) the Borrower may pay principal of a Progeny Facility as such principal matures and make any required prepayment or reduction of the commitments of any lender thereunder, in each case in accordance with the terms of such Progeny Facility in effect on July 31, 2002, and may prepay any such Progeny Facility simultaneously with the disposition of the assets associated with such Progeny Facility;

(3) the Borrower may make prepayments, reductions of commitments and cash collateralizations on a pro-rata basis to (x) the permanent ratable reduction of the outstanding amounts of the Progeny Facilities and (y) cash collateralize the Legacy L/Cs, until and unless the Legacy L/Cs are fully cash collateralized, in which case such prepayments, reductions of commitments or cash collateralizations may be made on a pro-rata basis to the permanent ratable reduction of the outstanding amounts of the Progeny Facilities;

(4) the Borrower may, in its sole absolute discretion, make any prepayment, commitment reduction or cash collaterallization of the type set forth

in clauses (i) through (iii) above in an aggregate amount not to exceed $65,000,000 per annum; and

(5) the Borrower may prepay, defease or otherwise satisfy in whole or in part all of its obligations arising under the Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended, and all documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection therewith.

For the avoidance of doubt, nothing in this subsection (R) shall limit or restrict the Borrower from any payment or taking any action that is required by the terms of any Progeny Facility or Legacy L/C in effect on the date hereof.

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 (i) shall fail to pay any Reimbursement Obligation when the same becomes due and payable, or (ii) shall fail to pay any interest on any Reimbursement Obligation within three days after the same becomes due and payable or (iii) shall fail to pay any fee or other amount to be paid by it hereunder or under any Credit Document to which it is a party within ten days after the same becomes due and payable; or

(b) Any certification, representation or warranty made by the Borrower or any Guarantor herein or in any other Credit Document or by the Borrower or any Guarantor (or any officer of the Borrower or any Guarantor) in writing under or in connection with this Agreement or in any other Credit Document or any instrument executed in connection herewith (including representations and warranties deemed made pursuant to Section 3.2) shall prove to have been incorrect in any material respect when made or deemed made; or

(c) The Borrower or any Guarantor 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 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 (ii) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in Section 5.1(b) or Section 5.2) or any other Credit Document 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 or Guarantor, as applicable, shall have knowledge of such failure; or (iii) any term, covenant or agreement contained in Section 5.2; 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 Letter of Credit) 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, as required in connection with any permitted sale of assets or as required in connection with any casualty or condemnation), 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 non-material Subsidiary of the Borrower which is a Non-Borrowing Subsidiary as defined in the Multiyear Williams Credit Agreement; or

(e) The Borrower or any Material Subsidiary of the Borrower (i) shall generally not pay its debts as such debts become due, or (ii) 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 undismissed 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 of the 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) The Borrower or any ERISA Affiliate of the 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 Borrower and its 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 July 31, 2002 by an amount exceeding $75,000,000;

(j) Any provision (other than any provision excepted from, or subject to a qualification in, the opinion delivered pursuant to Section 3.1(C), but only to the extent of such exception or qualification) of any Security Document for any reason is not a legal, valid, binding and enforceable obligation of the Borrower or any Guarantor party thereto or the Borrower or any Guarantor party thereto shall so state in writing;

(k) Any material portion of the Collateral that is not covered by adequate insurance shall be destroyed or any material portion of the Collateral shall otherwise become unavailable for use by its owner for a period in excess of 30 days (or 90 days if such owner has business interruption insurance adequate to cover the loss to it resulting from such Collateral being unavailable for use) or title to any material portion of the Collateral shall be successfully challenged; or

(l) Any "Default" or "Event of Default" as defined in any Security Document shall occur;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Majority Banks, by notice to the Borrower, declare, the obligation of each Issuing Bank to issue any Letter of Credit to be terminated, whereupon each such obligation shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Banks, by notice to the Borrower, declare the principal of the Reimbursement Obligations, all interest thereon and all other amounts payable by the Borrower under this Agreement and any other Credit Document to be forthwith due and payable, whereupon 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)(ii), (A) the obligation of each Issuing Bank to issue a Letter of Credit shall automatically be terminated and (B) the principal of the Reimbursement Obligations, all such interest and all such other 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 Reimbursement Obligation owed to an SPC shall be deemed to be owed to its Designating Bank.

SECTION 6.2. LC Cash Collateral Accounts. Upon the occurrence and during the continuance of any Event of Default (if the Agent has declared all amounts owed hereunder to be due and payable), the Borrower agrees that it shall forthwith, without any demand or the taking of any other action by any Issuing Bank, the Agent, or any of the Banks, provide cover for the outstanding Letter of Credit Liabilities by paying to the Agent immediately available funds in an amount equal to the then aggregate undrawn face amount of all outstanding Letters of Credit, which funds shall be deposited into a blocked deposit account or accounts to be established and maintained at the office of Citibank (or an affiliate thereof) in the name of the Agent as collateral security for any outstanding Letter of Credit Liabilities (the "LC Cash Collateral Accounts"). The Borrower hereby pledges, and grants to the Agent for the ratable benefit of each Issuing Bank and the Banks, a security interest in all funds held in the LC Cash Collateral Accounts from time to time and all proceeds thereof, as security for the payment of the outstanding Letter of Credit Liabilities. The Agent shall from time to time withdraw funds then held in the LC Cash Collateral Accounts to satisfy the payment of any Reimbursement Obligations owing to any Issuing Bank as shall have become or shall become due and payable by the Borrower to such Issuing Bank under this Agreement in connection with the Letters of Credit. The Agent shall exercise reasonable care in the custody and preservation of any funds held in the LC Cash Collateral Accounts and shall be deemed to have exercised such care if such funds are accorded treatment substantially equivalent to that which the Agent accords its own property, it being understood that the Agent shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any such funds. If at any time (a) no Event of Default exists and (b) the funds in the LC Cash Collateral Accounts (excluding, for purposes of this clause (b) only, an amount equal to the aggregate cash proceeds deposited thereto in accordance with Section 2.3(b)) exceed the aggregate amount of all Letter of Credit Liabilities, the Agent shall, upon request of the Borrower, return such excess to the Borrower or to any Person designated by the Borrower.

ARTICLE VII
[INTENTIONALLY OMITTED]
ARTICLE VIII
THE AGENT; ISSUING BANKS; THE COLLATERAL AGENT; OTHERS

SECTION 8.1. Agent's 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 enforcement of the terms of this Agreement or collection of the Reimbursement Obligations, 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 the Majority Banks, 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 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 8.2. 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 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; (ii) 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 or any other Credit Document; (iii) 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 or any other Credit Document on the part of the Borrower or any Guarantor or to inspect the property (including the books and records) of the Borrower or any Guarantor; (iv) 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 or thereto; (v) shall incur no liability under or in respect of any Letter of Credit 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; and (vi) may treat any Issuing Bank that issues or has issued a Letter of Credit as being the issuer of such Letter of Credit for all purposes.

SECTION 8.3. Issuing Banks' Reliance, Etc. Neither the Issuing Banks nor any directors, officers, agents or employees of the Issuing Banks shall be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. The Issuing Banks shall not have, by reason of this Agreement a fiduciary relationship in respect of any Bank; and nothing in this Agreement, expressed or implied, is intended or shall be so construed as to impose upon the Issuing Banks any obligations in respect of this Agreement except as expressly set forth herein. Without limitation of the generality of the foregoing, the Issuing Banks: (i) 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; (ii) make 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 or any other Credit Document; (iii) 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 or any other Credit Document on the part of the Borrower or any Guarantor or to

inspect the property (including the books and records) of the Borrower or any Guarantor; (iv) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Credit Document or any other instrument or document furnished pursuant hereto or thereto; and (v) shall incur no liability under or in respect of any Letter of Credit 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 8.4. Rights. With respect to any Letter of Credit Interest held by it, Citicorp shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it was not the Agent and Collateral Agent; with respect to its Letter of Credit Commitments, the Reimbursement Obligations owed to it, any Letter of Credit Interest held by it, the Issuing Banks shall have the right and power under this Agreement as any other Bank and may exercise the same as though it was not an Issuing Bank, as the case may be. The term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each of the Issuing Banks in their individual capacity. Citicorp, each Issuing Bank 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 Citicorp were not the Agent and Collateral Agent and each Issuing Bank was not an Issuing Bank, in each case without any duty to account therefor to the Banks.

SECTION 8.5. [Intentionally Omitted].

SECTION 8.6. Indemnification. The Banks agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective Letter of Credit Interests then held by each of them (or if no Letter of Credit Interests are at the time outstanding, ratably according to their respective LC Participation Percentage), from and against any and all claims, damages, losses, liabilities and expenses (including reasonable fees and disbursements of counsel) 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 other Credit Document or any action taken or omitted by the Agent under this Agreement or any other Credit Document (EXPRESSLY INCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF THE AGENT, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE AGENT). IT IS THE INTENT OF THE PARTIES HERETO THAT THE AGENT SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 8.6, BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE. 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 8.7. 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 Agent's resignation or removal hereunder as Agent, the provisions of this Article VIII 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 8.8. Collateral Agent's Authorization and Action. Each Bank hereby appoints and authorizes the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Collateral 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 enforcement of the terms of this Agreement or collection of the Reimbursement Obligations, fees and any other amounts due and payable pursuant to this Agreement), the Collateral 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 the Majority Banks, and such instructions shall be binding upon all Banks; provided, however, that the Collateral Agent shall not be required to take any action which exposes the Collateral Agent to personal liability or which is contrary to this Agreement or applicable law. The Collateral 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 8.9. Collateral Agent's Reliance, Etc. Neither the Collateral 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 Collateral Agent: (i) 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; (ii) 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 or any other Credit Document; (iii) 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 or any other Credit Document on the part

of the Borrower or any Guarantor or to inspect the property (including the books and records) of the Borrower or any Guarantor; (iv) 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 or thereto; (v) shall incur no liability under or in respect of any Note, Letter of Credit 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; and (vi) may treat any Issuing Bank that issues or has issued a Letter of Credit as being the issuer of such Letter of Credit for all purposes.

SECTION 8.10. Collateral Agent and Its Affiliates. With respect to any Letter of Credit Interest held by it, each Bank which is also the Collateral Agent shall have the same rights and powers under the Credit Documents as any other Bank and may exercise the same as though it were not the Collateral Agent; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include any Bank serving as the Collateral Agent in its individual capacity. Any Bank serving as the Collateral Agent and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of the Subsidiaries and any Person who may do business with or own securities of the Borrower or any Subsidiary, all as if such Bank were not the Collateral Agent and without any duty to account therefor to the Banks.

SECTION 8.11. Bank Credit Decision. Each of the Banks and the other beneficiaries of any Security Document parties hereto (both on its own behalf and on behalf of any of its affiliates that is a beneficiary of any Security Document) acknowledges that it has, independently and without reliance upon the Collateral Trustee, Collateral Agent, Agent, the Arranger, the Issuing Banks 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 of the Banks and the other beneficiaries of any Security Document parties hereto (both on its own behalf and on behalf of any of its Affiliates that is a beneficiary of any Security Document) also acknowledges that it will, independently and without reliance upon the Collateral Trustee, Collateral Agent, Agent, the Arranger, the Issuing Banks 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 this Agreement and the other Credit Documents. Neither the Collateral Trustee nor the Collateral Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Person with any credit or other information with respect thereto, whether coming into its possession before the issuance of any Letter of Credit or at any time or times thereafter.

SECTION 8.12. Certain Rights of the Collateral Agent. If the Collateral Agent shall request instructions from the Majority Banks with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, the Collateral Agent shall be entitled to refrain from such act or taking such action unless and until the Collateral Agent shall have received instructions from the Majority Banks; and it shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank nor any beneficiary of any Security Document shall have any right of action whatsoever against the Collateral Agent as a result of its acting or refraining from acting hereunder or under any other

Loan Document in accordance with the instructions of the Majority Banks or all of the Banks, as the case may be. Furthermore, except for action expressly required of the Collateral Agent hereunder, the Collateral Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall be specifically indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

SECTION 8.13. Collateral Agent Indemnification. The Banks agree to indemnify the Collateral Agent (to the extent not reimbursed by the Borrower), including to the extent the Collateral Agent is acting in its capacity as "Collateral Trustee" under the Collateral Trust Agreement or as "Surety Administrative Agent" under the Midstream Guaranty, ratably according to the respective principal amounts of the Letter of Credit Interests then held by each of them (or if no Letter of Credit Interests are at the time outstanding, ratably according to their LC Participation Percentage), from and against any and all claims, damages, losses, liabilities and expenses (including reasonable fees and disbursements of counsel) of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Collateral Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Collateral Agent under this Agreement or any other Credit Document (EXPRESSLY INCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF THE COLLATERAL AGENT, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE COLLATERAL AGENT). IT IS THE INTENT OF THE PARTIES HERETO THAT THE COLLATERAL AGENT SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 8.13, BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE. Without limitation of the foregoing, each Bank agrees to reimburse the Collateral Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Collateral 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 Collateral Agent is not reimbursed for such expenses by the Borrower.

SECTION 8.14. Successor Collateral Agent. The Collateral Agent may resign at any time as Collateral 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 of the Borrower (which consent shall not be unreasonably withheld and shall not be required if an Event of Default exists), a successor Collateral Agent from among the Banks. If no successor Collateral 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 Collateral Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Collateral Agent, then the retiring Collateral Agent may, on behalf of the Banks, appoint a successor Collateral 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 Collateral Agent under this Agreement by a successor Collateral Agent, such successor Collateral Agent shall thereupon

succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent and shall function as the Collateral Agent under this Agreement, and the retiring Collateral Agent shall be discharged from its duties and obligations as Collateral Agent under this Agreement. After any retiring Collateral Agent's resignation or removal hereunder as Collateral Agent, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

SECTION 8.15. Other Agents; the Arranger. The other agents, the Collateral Trustee, and the Arranger have no duties or obligations under this Agreement. None of the other agents, the Collateral Trustee, nor the Arranger shall have, by reason of this Agreement or the other Credit Documents, a fiduciary relationship in respect of any Bank, and nothing in this Agreement or other Credit Documents, express or implied, is intended or shall be so construed to impose on any of the other agents or the Arranger any obligation in respect of this Agreement or other Credit Documents.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1. 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 Letter of Credit Commitments of the Issuing Banks or subject any Bank to any additional obligation, (c) reduce the Reimbursement Obligations or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of the Reimbursement Obligations 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 LC Participation Percentages or of the aggregate unpaid principal amount of the Letter of Credit Liabilities or the Reimbursement Obligations, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Agreement, (g) release any of the Collateral (except as contemplated by the terms of Section 5.2(e) and Schedule XIV on the date hereof), or (h) amend, waive any provision of, or consent to any departure by the Borrower from, Section 2.3(b) or this Section 9.1; 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 Credit Document; and provided further that no amendment, waiver or consent shall, unless in writing and signed by each Issuing Bank in addition to the Banks required above to take such action, affect the rights or duties of any Issuing Bank under any Credit Document; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Collateral Agent in addition to the Banks required above to take such action, affect the rights or duties of the Collateral Agent under any Credit Document.

SECTION 9.2. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopy communication) and mailed, telecopied or

delivered, if to any Bank, as specified opposite its name on Schedule I hereto or specified in a Transfer Agreement for any assignee Bank delivered pursuant to Section 9.6(a); if to the Borrower, as specified opposite its name on Schedule II hereto; if to an Issuing Bank to its address as specified opposite its name on Schedule I; and if to Citicorp, as Agent or Collateral Agent, to its address at 2 Penns Way, Suite 200, New Castle, Delaware 19720 (telecopier number: (302) 894-6120), Attention: Williams Account Officer, with a copy to Citicorp North America, Inc., 1200 Smith Street, Suite 2000, Houston, Texas 77002 (telecopier number: (713) 654-2849), Attention: The Williams Companies, Inc. Account Officer, or, as to the Borrower, any Issuing Bank, the Collateral Agent, 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, each Issuing Bank, the Collateral Agent and the Agent. All such notices and communications shall, when mailed or telecopied, 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 in a Transfer Agreement for any assignee Bank delivered pursuant to Section 9.6(a) (or other telecopy number specified by such party in a written notice to the other parties hereto), 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 other Credit Document (other than a Letter of Credit) shall be effective as delivery of a manually executed counterpart thereof.

SECTION 9.3. No Waiver; Remedies. No failure on the part of any Bank, the Collateral Agent, the Collateral Trustee, any Issuing Bank, the Agent, the Collateral Trustee, the Surety Administrative Agent, any Issuing Bank or the Agent to exercise, and no delay in exercising, any right under this Agreement or any other Credit Document 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 9.4. 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 other Credit Documents and the other documents to be delivered under this Agreement, including 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 other Credit Document, the reasonable costs and expenses of the Issuing Banks in connection with any Letter of Credit, the reasonable costs and expenses of the Collateral Agent and all amounts paid by the Collateral Agent pursuant to any Security Document, and (ii) the Borrower agrees to pay on demand all costs and expenses, if any (including reasonable counsel fees and expenses, which may include allocated costs of in-house counsel), of the Agent, the Collateral Agent, the Issuing Banks 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 or any Guarantor of any Credit Document.

(b) The Borrower agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Agent, the Collateral Agent, the Issuing Banks, other agents, the Arranger and each Bank and each of their respective directors, officers, employees and agents (the "Indemnified Parties") from and against any and all claims, damages, losses, liabilities and expenses (including reasonable fees and disbursements of counsel) of any kind or nature whatsoever for which any of them may become liable or which may be incurred by or asserted against any of the Indemnified Parties (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 Indemnified Parties 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 Letters of Credit are applied (EXPRESSLY INCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNIFIED PARTY, BUT EXCLUDING ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY OR EXPENSE ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY). IT IS THE INTENT OF THE PARTIES HERETO THAT EACH INDEMNIFIED PARTY SHALL, TO THE EXTENT PROVIDED IN THIS SECTION 9.4(b), BE INDEMNIFIED FOR ITS OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE.

SECTION 9.5. 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 Reimbursement Obligations 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 other Credit Documents, if any, held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or the other Credit Documents 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 other rights of set-off) which such Bank may have.

SECTION 9.6. Binding Effect; Transfers.

(a) This Agreement shall become effective when it shall have been executed by the Borrower, the Agent, the Collateral Agent and the Issuing Banks, 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, the Collateral Agent, the Issuing Banks 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 the Agent. Each Bank may assign to one or more banks, financial institutions or other entities all or a portion of its rights and obligations under this Agreement (including all or a portion of its Letter of Credit Commitments or its Letter of Credit Interest); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) except in the case of an assignment of all of a Bank's rights and obligations under this Agreement or an assignment to another Bank, the amount of the Letter of Credit Commitment and/or LC Participation Percentage of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Transfer Agreement with respect to such assignment) shall in no event be less than $5,000,000 in the aggregate or such lesser amount as may be consented to by the Agent and the Borrower, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register maintained by the Agent, a Transfer Agreement and, unless the assignment is to an affiliate of such Bank, a processing and recordation fee of $3,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Transfer Agreement, (x) the assignee thereunder shall be a party hereto as a "Bank" and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Transfer Agreement, have the rights and obligations of a Bank hereunder (including obligations to the Agent pursuant to Section 8.6 and to the Collateral Agent pursuant to Section 8.13) and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Transfer Agreement, relinquish its rights and be released from its obligations under this Agreement, except for rights and obligations which continue after repayment of the Reimbursement Obligations or termination of this Agreement pursuant to the express terms of this Agreement (and, in the case of a Transfer Agreement covering all of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(b) By executing and delivering a Transfer Agreement, the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Transfer Agreement, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement, any other Credit Document or any other instrument or document furnished pursuant hereto or in connection herewith, the perfection, existence, sufficiency or value of any Collateral, guaranty or insurance or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Credit Document or any other instrument or document furnished pursuant hereto or in connection herewith; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Person or the performance or observance by the Borrower or any other Person of any of its respective obligations under the Credit Documents or any other instrument or document furnished pursuant hereto or in connection herewith; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of such financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Transfer Agreement; (iv) such assignee will, independently and without reliance upon the Agent, the Collateral Agent, any Issuing Bank, such assigning Bank or any other Bank and based on such financial statements and such other documents and

information as it shall deem appropriate at the time, continue to make its own credit analysis and decisions in taking or not taking action under this Agreement, any of the other Credit Documents or any other instrument or document; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent and the Collateral Agent, respectively, to act as Agent and the Collateral Agent, respectively, on its behalf and to exercise such powers and discretion under this Agreement, any other Credit Document or any other document executed in connection herewith or therewith as are delegated to the Agent and the Collateral Agent, respectively, by the terms hereof or thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(c) The Agent shall maintain a copy of each Transfer Agreement, delivered to and accepted by it and the Register for the recordation of the names and addresses of the Banks and the Letter of Credit Commitment, LC Participation Percentage and Letter of Credit Interest of each Bank from time to time.

(d) Upon its receipt of a Transfer Agreement executed and completed by an assigning Bank and an assignee representing that it is an Eligible Assignee (and consented to by the Agent and, if required, by the Borrower), the Agent shall (i) accept such Transfer Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(e) Each Bank may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including all or a portion of its Letter of Credit Interest); provided, however, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Agent, the Collateral Agent, each Issuing Bank and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (iv) all amounts payable under this Agreement shall be calculated as if such Bank had not sold such participation, and (v) the terms of any such participation shall not restrict such Bank's ability to consent to any departure by the Borrower herefrom without the approval of the participant, except that the approval of the participant may be required to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Reimbursement Obligations or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Reimbursement Obligations or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Notwithstanding any other provisions set forth in this Agreement, any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including its Letter of Credit Interest) in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Board without notice to or consent of the Borrower or the Agent. Furthermore, any Bank may assign, as collateral or otherwise, any of its rights (including rights to payments of principal of and/or interest on its Letter of Credit Interest)

under this Agreement or any of its Letter of Credit Interest to any Federal Reserve Bank without notice to or consent of the Borrower or the Agent.

(g) 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 payment to any Issuing Bank 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 provided further that (i) such Designating Bank's obligations under this Agreement 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 Issuing Banks, the Collateral Agent, 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 drawing under a Letter of Credit, 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 its obligations under Section 2.6). The issuance of a Letter of Credit by an SPC hereunder shall utilize the Letter of Credit Commitment of the Designating Bank to the same extent, and as if, such Letter of Credit were issued 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 9.6, an SPC may not assign its interest in any Letter of Credit Interests 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 Letter of Credit Interests 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 Letter of Credit Interests. 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 votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Credit 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 Issuing Banks, the Collateral Agent, 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 or the SPC. This Section 9.6(g) may not be amended without the written consent of any SPC, which shall have been identified to the Agent and the Borrower.

SECTION 9.7. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in Canadian Dollars into Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the Canadian Dollars with Dollars at the Agent's main New York office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due in Canadian Dollars to any Bank, any Issuing Bank, the Collateral Agent or the Agent hereunder shall, notwithstanding any judgment in Dollars, be discharged only to the extent that on the Business Day following receipt by such Bank, such Issuing Bank, the Collateral Agent or the Agent (as the case may be) of any sum adjudged to be so due in Dollars, such Bank, Issuing Bank, the Collateral Agent or the Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the Canadian Dollars with Dollars. If the amount of the Canadian Dollars so purchased is less than the sum originally due to such Bank, Issuing Bank, the Collateral Agent or the Agent, as the case may be, in the Canadian Dollars, the Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Bank, such Issuing Bank, the Collateral Agent or the Agent, as the case may be, against such loss, and if the amount of Canadian Dollars so purchased exceeds the sum originally due to such Bank, such Issuing Bank, the Collateral Agent or the Agent, as the case may be, in Canadian Dollars, such Bank, such Issuing Bank, the Collateral Agent or the Agent, as the case may be, agrees to remit such excess to the Borrower.

SECTION 9.8. Governing Law. This Agreement and the other Credit Documents shall be governed by, and construed in accordance with, the laws of the State of New York, except that Mortgages and Additional Mortgages may, to the extent provided therein, be governed by and construed in accordance with the laws of the respective states in which the real property covered thereby is located.

SECTION 9.9. Interest. It is the intention of the parties hereto that the Agent, each Issuing Bank, the Collateral Agent and each Bank shall conform strictly to usury laws applicable to it, if any. Accordingly, if the transactions with the Agent, any Issuing Bank, the Collateral 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, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, under this Agreement, any other Credit Document or under any other agreement entered into in connection with or as security for this Agreement or the other Credit Documents 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, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, be credited by the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, by the Borrower or refunded by the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, to the Borrower, and (ii) in the event that the maturity of any obligation payable to the Agent, such Issuing Bank, the Collateral 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, such Issuing Bank, the Collateral 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, such Issuing Bank, the Collateral 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, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, be credited by the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, on the principal amount of the obligations owed to the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, by the Borrower or refunded by the Agent, such Issuing Bank, the Collateral Agent or such Bank, as the case may be, to the Borrower.

SECTION 9.10. 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 9.11. 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 of any Letters of Credit regardless of any investigation. The indemnities and other payment obligations of the Borrower set forth in Sections 2.4, 2.6 and 9.4, the indemnities set forth in Section 2.10 and the indemnities by the Banks in favor of the Agent, the Collateral Agent and their respective officers, directors, employees and agents, will survive the repayment of the Reimbursement Obligations and the termination of this Agreement.

SECTION 9.12. [INTENTIONALLY OMITTED.]

SECTION 9.13. 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 9.13), 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 and 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 Federal Reserve Board 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 Letter of Credit Commitments or Letter of Credit Interests or any interest therein by such Bank or the grant of an option to an SPC to fund any drawing under a Letter of Credit, 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 9.13, and provided further that if the contemplated transfer is a grant of an option to fund a drawing under a Letter of Credit to an SPC pursuant to Section 9.6(g), such SPC may disclose (i) on a confidential basis, any non-public information relating to such drawings 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 other Credit Documents or any other document delivered in connection herewith, (g) in connection with any litigation involving such Bank pertaining to this Agreement, any of the other Credit Documents or any other document delivered in connection herewith, (h) to any Bank, any Issuing Bank, the Collateral Agent 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 9.13.

SECTION 9.14. Waiver of Jury Trial. THE BORROWER, THE AGENT, THE COLLATERAL AGENT, THE ISSUING BANK 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 OTHER CREDIT DOCUMENT, ANY LETTER OF CREDIT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 9.15. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY CREDIT DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE BANKS, ANY ISSUING BANK , THE COLLATERAL AGENT OR THE BORROWER IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE COUNTY OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 9.2. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE

BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE CREDIT DOCUMENTS.

SECTION 9.16. Existing Defaults of No Effect. Any default which has occurred and is continuing under the Existing Agreement, if any, shall, upon the satisfaction of the conditions set forth in Section 3.1, be deemed to be fully and completely remedied and of no further force and effect, except to the extent that the event or condition causing such default shall constitute a Default or an Event of Default 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.

BORROWER:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey
Name: James G. Ivey
Title: Treasurer

CITICORP USA, INC., as Agent and Collateral Agent

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CITIBANK, N.A. as Issuing Bank

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

BANKS:

CITICORP USA, INC.

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

BANK OF AMERICA N.A., as Issuing Bank and
Bank

By: /s/ Claire M. Liu
Name: Claire M. Liu
Title: Managing Director

JPMORGAN CHASE BANK

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall
Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard
Name: Olivier Audemard
Title: Senior Vice President

THE BANK OF NOVA SCOTIA

By:
Name:
Title:

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J.E. Feeley
Name: Carol J.E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Francis Chang
Name: Francis Chang
Title: Authorized Signatory

SCHEDULE I

APPLICABLE LENDING OFFICES

Name of Bank	Lending Office
Citibank N.A.	Citibank N.A. 399 Park Avenue New York, New York 10043 Notices: Citibank, N.A. 2 Penns Way, Suite 200 New Castle, Delaware 19720 Telecopier: (302) 894-6120 Attn: The Williams Companies, Inc. Account Officer with copies to: Citicorp North America, Inc. 1200 Smith Street, Suite 2000 Houston, Texas 77002 Telecopier: (713) 654-2849 Attn: The Williams Companies, Inc. Account Officer
Citicorp USA, Inc.	Citicorp USA, Inc. 399 Park Avenue New York, New York 10043 Notices: Citicorp USA, Inc. 399 Park Avenue New York, New York 10043 Telecopier: (302) 894-6120 Attn: The Williams Companies, Inc. Account Officer with copies to: Citicorp North America, Inc. 1200 Smith Street, Suite 2000 Houston, Texas 77002 Telecopier: (713) 654-2849 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 Telephone: (404) 877-1555 Attn: Cleve Boushey

Name of Bank	Lending Office
	with copies to: 1100 Louisiana, Suite 3000 Houston, Texas 77002 Telecopier: (713) 752-2425 Telephone: (713) 759-3435 Attn: Joe Lattanzi
	Telecopier: (713) 752-2425 Telephone: (713) 759-3426 Attn: John Frazell
Bank of America, N.A.	Bank of America, N.A. 901 Main Street, 14th Floor Dallas, Texas 75202 Telecopier: (214) 290-9415 Telephone: (214) 209-1228 Attn: Marija Salic
	with copies to: Bank of America, N.A. Three Allen Center, Suite 4550 Houston, Texas 77002 Telecopier: (713) 651-4807 Telephone: (713) 651-4855 Attn: Claire Liu
JPMorgan Chase Bank	JPMorgan Chase Bank 270 Park Avenue, 23rd Floor New York, New York 10017 Telecopier: (212) 270-3089 Telephone: (212) 270-7056 Attn: Steve Wood
Credit Lyonnais New York Branch	Credit Lyonnais 1301 Travis, Suite 2100 Houston, Texas 77002 Telecopier: (713) 890-8666 Telephone: (713) 890-8605 Attn: Rich Kaufman
	Telecopier: (713) 751-0307 Telephone: (713) 753-8741 Attn: Ericka Jackson
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: Ann Slanis
Merrill Lynch Capital Corp.	Merrill Lynch Capital Corp. 4 World Financial Center, 7th Floor

Name of Bank	Lending Office
	New York, New York 10080 Telecopier: (212) 738-1649 Telephone: (212) 449-8414 Attn: Carol Seely (Notices) Telecopier: (212) 738-1719 Telephone: (212) 449-6996 Attn: Mark Campbell (Operations)
Lehman Commercial Paper Inc.	Lehman Commercial Paper Inc. 745 Seventh Avenue, 19th Floor New York, NY 10019 Telecopier: (212) 526-0242/7691 Telephone: (212) 526-0330 Attn: Michele Swanson (Credit) Telecopier: (212) 526-6653 Telephone: (212) 526-3321 Attn: Marie Cowell (Operations)

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

SCHEDULE III

PERMITTED BORROWER LIENS

(a) (i) Any Lien existing on any property at the time of the acquisition thereof and not created in contemplation of such acquisition by the Borrower or any of its Subsidiaries, whether or not assumed by the Borrower or any of its Subsidiaries, (ii) purchase money, construction or analogous Liens securing obligations incurred in connection with or financing the direct or indirect costs of or relating to the acquisition, construction (including design, engineering, installation, testing and other related activities), development (including drilling), improvement, repair or replacement of property (including such Liens securing Debt or other obligations incurred in connection with the foregoing or within 30 days of the later of (x) the date on which such Property was acquired or construction, development, improvement, repair or replacement thereof was complete or (y) if applicable, the final "in service" date for commencement of full operations of such property), provided that all such Liens attach only to the property acquired, constructed, developed, improved or repaired or constituting replacement property, and the principal amount of the Debt or other obligations secured by such Lien, together with the principal amount of all other Debt secured by a Lien on such property, shall not exceed the gross acquisition, construction, replacement and other costs specified above of or for the property, (iii) Liens on receivables created pursuant to a sale, securitization or monetization of such receivables, and Liens on rights of the Borrower or any Subsidiary related to such receivables which are transferred to the purchaser of such receivables in connection with such sale, securitization or monetization; provided that the Liens secure only the obligations of the Borrower or any of its Subsidiaries in connection with such sale, securitization or monetization, (iv) Liens created by or reserved in any operating lease (whether for real or personal property) entered into in the ordinary course of business (excluding Synthetic Leases) provided that the Liens created thereby (1) attach only to the Property leased to the Borrower or one of its Subsidiaries, pursuant to such operating lease and (2) secure only the obligations under such lease and supporting documents that do not create obligations other than with respect to the leased property (including for rent and for compliance with the terms of the lease), (v) Liens on property subject to a Capital Lease created by such Capital Lease and securing only obligations under such Capital Lease and supporting documents that do not create obligations other than with respect to the leased property, (vi) any interest or title of a lessor in the property subject to any Capital Lease, Synthetic Lease or operating lease, (vii) Liens in the form of filed Uniform Commercial Code or personal property security statements (or similar filings outside Canada and the United States) to perfect any Permitted Lien, and (viii) Liens on up to four aircraft owned or leased by the Borrower or any Subsidiary of the Borrower.

(b) Any Lien existing on any property of a Subsidiary of the Borrower at the time it becomes a Subsidiary of the Borrower and not created in contemplation thereof and any Lien existing on any property of any Person at the time such Person is merged or liquidated into or consolidated with the Borrower or any Subsidiary thereof and not created in contemplation thereof.

(c) Mechanics', materialmen's, workmen's, warehousemen's, carrier's, landlord's or other similar Liens arising in the ordinary course of business securing amounts incurred 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.

(d) Liens arising by reason of pledges, deposits or other security to secure payment of workmen's compensation insurance or unemployment insurance, pension plans or systems and other types of social security, and good faith deposits or other security to secure tenders or leases of property or bids, in each case to secure obligations of the Borrower or any of its Subsidiaries under such insurance, tender, lease, bid or contract, as the case may be; provided, however, that the only Liens permitted by this paragraph (d) shall be Liens incurred in the ordinary course of business that do not secure any Debt or accounts payable (other than accounts payable to the counterparties or obligees applicable to the foregoing).

(e) Liens on deposits or other security given to secure public or statutory obligations, or to secure or in lieu of surety bonds (other than 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 arising in the ordinary course of business; provided, however, that the aggregate amount of obligations secured by Liens permitted by this paragraph (e) shall not exceed 10% of Consolidated Tangible Net Worth of the Borrower.

(f) 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.

(g) Liens incurred in the ordinary course of business upon rights-of-way securing obligations (other than Debt and trade payables) of the Borrower or any of its Subsidiaries.

(h) 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.

(i) 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.

(j) The Lien of taxes, customs duties or other governmental charges or assessments that are not at the time determined (or, if determined, are not at the time delinquent), or that 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.

(k) The Lien reserved in (i) 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 or personal property leasehold estates or (ii) leases and sub-leases granted to others that do not materially interfere with the ordinary course of business of the Borrower and its Subsidiaries, taken as a whole.

(l) 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, taken as a whole.

(m) 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, equipment, 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, or in favor of governmental authorities or public utilities, in each case above which do not materially impair the use of such property for the purposes for which it is held by the Borrower or such Subsidiary.

(n) 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.

(o) 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.

(p) The Liens of any judgments in an aggregate amount for the Borrower and all of its Subsidiaries (i) not in excess of $8,500,000, the execution of which has not been stayed and (ii) not in excess of $40,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary, by a stay or appeal bond or other security of similar effect and stay or appeal bonds in respect of the judgments permitted in clause (ii).

(q) Zoning laws and ordinances.

(r) Liens existing on July 1, 2002, that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002 and listed on Schedule IX as secured by such Liens.

(s) Liens existing on July 1, 2002 (i) that cover only immaterial assets and (ii) that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002.

(t) Liens reserved in customary oil, gas and/or mineral leases for bonus or rental payments and for compliance with the terms of such leases and Liens reserved in customary operating agreements, farm-out and farm-in agreements, exploration agreements, development agreements and other similar agreements for compliance with the terms of such agreements; provided that (i) such Liens do not secure Debt or accounts payable (other than obligations under such lease or

agreement, as the case may be) and (ii) such leases and agreements are entered into in the ordinary course of business.

(u) Liens arising in the ordinary course of business out of all presently existing and future division and transfer orders, advance payment agreements, processing contracts, gas processing plant agreements, operating agreements, gas balancing or deferred production agreements, participation, joint venture, joint operating, pooling, unitization or communitization agreements, pipeline, gathering or transportation agreements, tariffs, platform agreements, drilling contracts, injection or repressuring agreements, cycling agreements, construction agreements, salt water or other disposal agreements, leases, sub-leases or rental agreements, royalty interests, overriding royalty interests, farm-out and farm-in agreements, exploration and development agreements, and any and all other contracts or agreements covering, arising out of, used or useful in connection with or pertaining to the exploration, development, operation, production, sale, use, purchase, exchange, storage, separation, dehydration, treatment, compression, gathering, transportation, processing, improvement, marketing, disposal or handling of any property of a Person (each such order, agreement or contract being a "Subject Document"), provided that and to the extent that (i) such Subject Documents are entered into the ordinary course of business and contain terms customary for such documents in the industry, (ii) such permitted Liens shall not include any security interests in accounts receivable or other receivables and do not secure Debt or accounts payable (other than accounts payable arising under the particular Subject Document that creates the Lien), and (iii) such Subject Documents do not create nor do such Liens secure Financing Transactions.

(v) Liens arising by law under Section 9.343 of the Texas Uniform Commercial Code or similar statutes of states other than Texas.

(w) Liens arising pursuant to the Security Documents which secure the obligations of TWC and its Subsidiaries under this Agreement and the Multiyear Williams Credit Agreement and certain public debt of TWC, including Liens securing Letters of Credit resulting from the Cash Collateralization thereof in accordance with Section 6.2 hereof.

(x) Liens (i) in existence prior to the date hereof in the nature of a right of offset or netting of cash amounts owed arising in the ordinary course of business (and Liens on the trading receivables owed by any trading counterparty and/or affiliate thereof to the Borrower or any affiliate thereof granted by the Borrower or any such affiliate thereof under agreements commonly in use in the industry of the Borrower or such affiliate, but solely to secure the offset or netting rights of such trading counterparty and/or affiliates thereof to the payment of such trading receivables arising from and to the extent of the trading obligations of the Borrower or any affiliate thereof to such trading counterparty or its affiliates) and (ii) Liens in the nature of a right of offset or netting of cash amounts owed arising in the ordinary course of business granted by EMT to any of EMT's trading counterparties and/or affiliates thereof solely to secure the obligations of EMT to such trading counterparty and/or affiliates thereof (and the offset or netting rights of such trading counterparty and/or affiliates thereof related thereto), including, with respect to EMT only, Liens for such purposes on the trading receivables of EMT arising from amounts owed by such trading counterparty and/or affiliates thereof to EMT; provided, however that no such Liens granted by EMT shall in any way create rights of offset or netting or Liens against the Borrower or any Subject Subsidiary or their respective Assets.

(y) Any Lien not permitted by paragraphs (a) through (x) above or (z) through (ii) below securing Debt or Specified Escrow Arrangements of the Borrower or any of its Subsidiaries if at the time of, and after giving effect to, the creation or assumption of any such Lien, the aggregate (without duplication) of the principal or equivalent amount of all Debt of the Borrower and its Subsidiaries secured by all such Liens not so permitted by paragraphs (a) through (x) above or (z) through (ii) below plus the amount of Attributable Obligations (other than those relating to Liens described in clause (a)(viii)) of the Borrower and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by Section 5.2(l) does not exceed $100,000,000.

(z) 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.

(aa) Any option or other agreement to purchase any property of the Borrower or any Subsidiary the purchase, sale or other disposition of which is not prohibited by any other provision of this Agreement.

(bb) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds and products thereof.

(cc) Liens on the products and proceeds (including insurance, condemnation and eminent domain proceeds) of and accessions to, and contract or other rights (including rights under insurance policies and product warranties) derivative of or relating to, property permitted to be subject to Liens under this Agreement but subject to the same restrictions and limitations herein set forth as to Liens on such property (including the requirement that such Liens on products, proceeds, accessions and rights secure only obligations that such property is permitted to secure).

(dd) Liens on the Property of a Project Finance Subsidiary or the Equity Interests in such Project Finance Subsidiary securing the Non-Recourse Debt of such Project Finance Subsidiary.

(ee) Liens on cash and short-term investments incurred in the ordinary course of business, consistent with past practice and not for the purpose of securing Debt (i) deposited by the Borrower or any of its Subsidiaries in margin accounts with or on behalf of futures contract brokers or other counterparties or (ii) pledged by the Borrower or any of its Subsidiaries, in the case of each of clauses (i) and (ii) above, to secure its obligations with respect to (x) contracts (including without limitation, physical delivery, option (whether cash or financial), exchange, swap and futures contracts) for the purchase or sale of any energy-related commodity or (y) interest rate or currency rate management contracts.

(ff) Liens securing Debt of Apco Argentina, Inc. and/or its Subsidiaries; provided that such Liens shall only apply to assets owned directly by Apco Argentina, Inc. or its Subsidiaries.

(gg) Liens securing the Barrett Loan.

(hh) Liens securing Permitted Refinancing Debt (as defined below) (and related obligations) covering substantially the same collateral securing (immediately prior to such refinancing) the Debt Refinanced (as defined below) by such Permitted Refinancing Debt; provided that: (i) the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of the Debt Refinanced (plus the amount of penalties, premiums (including required premiums and the amount of any premiums reasonably determined by the Borrower being in its best economic interest and as necessary to accomplish such Refinancing by means of a tender offer or privately negotiated repurchase), fees, accrued interest and reasonable expenses and other obligations incurred in connection therewith) at the time of refinancing; and (ii) such Debt is incurred either by the Borrower or by such Subsidiary that is the obligor of the Debt being Refinanced. "Permitted Refinancing Debt" means any Debt of the Borrower or any of its Subsidiaries issued to Refinance other Debt of the Borrower or any such Subsidiaries. "Refinance" means, in respect of any Debt, to refinance, extend, renew, refund, repay, prepay, replace, acquire, redeem, defease or retire, or to issue other Debt in exchange or replacement, directly or indirectly for, such Debt in whole or in part.

(ii) Liens extending, renewing or replacing any of the foregoing Liens provided that the principal amount of the Debt or other obligation secured by such Lien is not increased or the maturity thereof shortened and such Lien is not extended to cover any additional Debt, obligations or property, other than like obligations of no greater principal amount and the substitution of like property (or specific categories of property of the same grantor to the extent the terms of the Lien being extended, renewed or replaced, extended to or covered such categories of property) of no greater value.

(jj) Liens securing the obligations under that certain Master Agreement dated as of March 6, 2000 among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of The Williams Companies, Inc., as Lessees, Atlantic Financial Group, Ltd., as Lessor, the Lenders party thereto, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent, as amended, supplemented or otherwise modified.

(kk) Liens on cash deposits in the nature of a right of setoff, banker's lien, counterclaim or netting of cash amounts owed arising in the ordinary course of business on deposit accounts permitted pursuant to Section 5.1(k) of this Agreement.

(ll) Liens securing the letters of credit outstanding as of July 31, 2002, as set forth on Schedule XI, resulting from the cash collateralization thereof in accordance with Section 2.04(c) of the Multiyear Williams Credit Agreement.

(mm) Liens occurring in, arising from, or associated with Specified Escrow Arrangements.

(nn) Liens granted in connection with (i) Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services Company, Inc., a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A.,

(successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended, and related transaction documents and (ii) Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institution named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended, related transaction documents.

SCHEDULE IV

COMMITMENTS

AS OF OCTOBER 31, 2002

BANKS	U.S. DOLLAR L/C COMMITMENTS	CANADIAN DOLLAR L/C COMMITMENTS	LC PARTICIPATION PERCENTAGE
CITIBANK, N.A.	$200,000,000	0	0
BANK OF AMERICA N.A.	$200,000,000	0	20.625%
CITICORP USA, INC.	0	0	20.625%
JPMORGAN CHASE BANK	0	0	16.25%
TORONTO DOMINION (TEXAS), INC.	0	0	12.5%
CREDIT LYONNAIS NEW YORK BRANCH	0	0	12.5%
THE BANK OF NOVA SCOTIA	0	$50,000,000	12.5%
MERRILL LYNCH CAPITAL CORP.	0	0	2.5%
LEHMAN COMMERCIAL PAPER INC.	0	0	2.5%
TOTAL:	$400,000,000	$50,000,000	100%

SCHEDULE V

RATING CATEGORIES

Rating Category	S&P or Moody's ratings of the senior unsecured long-term debt of the Borrower*	Applicable Issued LC Margin	Applicable LC Commitment Margin
One	BB+ or better by S&P and Ba1 or better by Moody's	3.00%	0.75%
Two	BB by S&P and Ba2 by Moody's	3.50%	0.875%
Three	BB- by S&P and Ba3 by Moody's	4.00%	1.00%
Four	B+ by S&P and B1 by Moody's	4.25%	1.25%
Five	Below B+ by S&P or below B1 by Moody's	4.50%	1.50%

*If split-rated, the lower rating will apply. At all times when no senior unsecured long-term debt of the Borrower is rated by Moody's or when no senior unsecured long-term debt of the Borrower is rated by S&P, Rating Category five shall apply.

SCHEDULE VI

EXISTING PROJECTS

1. Gulfstream
2. Gulf Liquids
3. Devil's Tower
4. PIGAP II Project

SCHEDULE VII

[INTENTIONALLY OMITTED.]

SCHEDULE VIII

[INTENTIONALLY OMITTED.]

SCHEDULE IX

LIENS SECURING EXISTING DEBT/OBLIGATIONS

Liens existing on July 1, 2002, that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002 and listed on Schedule IX as secured by such Liens. See clause (r) on Schedule III. Inclusion of the items on this Schedule shall not be deemed an admission or representation that such items are properly categorized as Debt or that they are secured.

1. Liens granted in connection with the Master Agreement dated as of March 6, 2000, among TWC, as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of TWC, as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent and the Lenders party thereto, as amended, and related transaction documents.

2. Liens granted in connection with the Joint Venture Sponsor Agreement dated as of December 28, 2000, among TWC, as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C. ("Investor"), Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended, and related transaction documents.

3. Liens granted in connection with the PPH Sponsor Agreement dated as of December 31, 2001, by TWC, as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC ("Investor"), and other Indemnified Persons listed in the agreement, as amended, and related transaction documents.

4. Liens granted in connection with the Parent Support Agreement dated as of December 23, 1998, made by TWC in favor of Castle Associates L.P. ("Castle") and Colchester LLC ("Investor") and the other Indemnified Persons and Guaranteed Parties listed therein, as amended, and related transaction documents.

5. Liens granted in connection with the Loan Agreement dated as of March 17, 1998 Pine Needle LNG Company, LLC among Pine Needle LNG Company, LLC and Central Commercial Lending Institutions as the Lenders and Bank of Montreal as the agent for the Lenders, and related transaction documents.

6. Liens granted in connection with the Finance Agreement among WilPro Energy Services (El Furrial) Limited, Overseas Private Investment Corporation dated as of January 31, 1999, and related transaction documents.

7. Liens granted in connection with the Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association and Bank of America (f/k/a NationsBank of Texas, N.A.), as amended, and related transaction documents.

8. Liens granted in connection with the Loan Agreement dated as of March 31, 1988 between Pan-Alberta Resources Inc. and Canadian Imperial Bank of Commerce, as amended, and related transaction documents.

9. Liens granted in connection with the Turbine Financing and Agency Agreement, dated as of April 16, 2002, among Union Bank of California, N.A., WEMT Equipment Statutory Trust 2002, Union Bank of California, N.A., as administrative agent, and Williams Energy Marketing & Trading Company, and related transaction documents.

10. Liens granted in connection with the Amended and Restated LLC Loan Agreement, dated as of June 9, 2000, among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

SCHEDULE X

MIDSTREAM SUBSIDIARIES

Delaware
- --------

Williams Energy Services, LLC
Williams Natural Gas Liquids, Inc.
Williams Midstream Natural Gas Liquids, Inc.
Williams Express, Inc. (a Delaware corporation)
Williams Field Services Group, Inc.
Williams Alaska Pipeline Company, L.L.C.
Williams Bio-Energy, L.L.C.
Williams Merchant Services Company, Inc.
MAPCO Inc.
WFS Enterprises, Inc.
WFS-Liquids Company
Williams Field Services Company
Williams Gas Processing Company
Williams Gas Processing - Wamsutter Company
North Padre Island Spindown, Inc.
Williams Ethanol Services, Inc.
Williams Energy Marketing & Trading Company
Worthington Generation, L.L.C.
Memphis Generation, L.L.C.
Gas Supply, L.L.C.
Williams Generation Company - Hazelton
Juarez Pipeline Company
MAPL Investments, Inc.
Williams Refining & Marketing, L.L.C.
Williams Memphis Terminal, Inc.
Williams Mid-South Pipelines, L.L.C.
Williams Olefins, L.L.C.
Williams Olefins Feedstock Pipelines, L.L.C.
Williams Generating Memphis, LLC
WFS - NGL Pipeline Company Inc.
WFS - Offshore Gathering Company
Baton Rouge Fractionators, L.L.C.
Tri-States NGL Pipeline, L.L.C.
WILPRISE Pipeline Company, L.L.C.
Williams Gulf Coast Gathering Company, LLC
WFS Gathering Company, L.L.C.
Williams Field Services - Matagorda Offshore Company, LLC

Williams Gas Processing - Mid-Continent Region Company
WFS - OCS Gathering Co.
WFS - Pipeline Company
HI-BOL Pipeline Company
Goebel Gathering Company, L.L.C.
Williams Petroleum Pipeline Systems, Inc.
Williams GP LLC*
Williams Oil Gathering, L.L.C
Williams Field Services - Gulf Coast Company, L.P.
Gulf Liquids Holdings, L.L.C.**
Gulf Liquids New River Project, LLC**
Williams Petroleum Services, LLC
Longhorn Enterprises of Texas, Inc.
E-Birchtree, LLC

Alaska

Williams Express, Inc. (an Alaska corporation)
Williams Alaska Petroleum, Inc.
Williams Alaska Air Cargo Properties, L.L.C.
Williams Lynxs Alaska CargoPort, L.L.C.

Texas

Black Marlin Pipeline Company
Rio Grande Pipeline Company

Kansas

Nebraska Energy, L.L.C.

* Williams GP LLC shall not be deemed a Midstream Subsidiary until Williams GP LLC has transferred the general partnership interests and incentive distribution rights in MLP to New GP.

** These entities shall be Midstream Subsidiaries to the extent that such entities are Subsidiaries.

SCHEDULE XI

PROGENY FACILITIES

Parent Support Agreement dated as of December 23, 1998, made by The Williams Companies, Inc. in favor of Castle Associates L.P., Colchester LLC and the other Indemnified Persons and Guaranteed Parties listed therein, as amended. Notwithstanding anything herein to the contrary, for purposes of Section 2.3(b) of this Agreement, the outstanding amount of this Progeny Facility shall equal the outstanding Unrecovered Capital (as defined in the Castle Partnership Agreement) of the Limited Partner (as defined in the Castle Partnership Agreement) plus accrued and undistributed First Priority Return (as defined in the Castle Partnership Agreement) to be distributed to the Limited Partner in accordance with Section 4.01(a) of the Castle Partnership Agreement plus all other amounts then due and payable to the Limited Partner.

First Amended and Restated Term Loan Agreement dated as of October 31, 2002, among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A. (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A. (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended.

Term Loan Agreement dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

Joint Venture Sponsor Agreement dated as of December 28, 2000, among The Williams Companies, Inc., as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C., Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended.

Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended.

Master Agreement dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of TWC, as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent and the Lenders party thereto, as amended.

PPH Sponsor Agreement dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other Indemnified Persons listed in the agreement, as amended. Notwithstanding anything herein to the contrary, for purposes of Section 2.3(b) of this Agreement, the outstanding amount of this Progeny Facility shall equal the outstanding Contributed Capital of the Class B Preferred Member (each as defined in the PPH Company Agreement) plus the accrued and unpaid Class B Priority Return (as defined in the PPH Company Agreement) plus all other amounts then due and payable to the Class B Preferred Member.

Amended and Restated LLC Loan Agreement, dated as of June 9, 2000, among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

Outstanding letters of credit as of July 31, 2002 (as set forth on Schedule XIII) to the extent they have not been fully cash collateralized.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with any of the foregoing.

SCHEDULE XII

POST-CLOSING ITEMS

1. Consents. The Borrower shall use its best efforts to obtain those third party consents that have been identified by the Borrower (pursuant to a written schedule delivered in connection with the execution of this Agreement) as necessary in connection with the execution, delivery, filing and performance of certain Mortgages.

2. Legal Opinions. The Agent shall have received, with a counterpart for each Issuing Bank, the executed legal opinions of local counsel to the Agents in such states as requested by Agent which such legal opinions shall cover such matters incident to the perfection of the Liens and the other transactions contemplated by this Agreement as the Agent may reasonably require. TO BE DELIVERED 30 DAYS AFTER THE REQUEST THEREFOR BY THE AGENT.

3. Actions to Perfect Liens. The Agent shall have received properly completed and executed financing statements (or other similar documents), including, without limitation, duly executed financing statements on form UCC-1, necessary or, in the opinion of the Collateral Agent, desirable to perfect the Liens created by the Security Documents, and the Collateral Agent shall be reasonably satisfied that, other than filing such financing statements and other similar documents and the Mortgages, no other filings, recordings, registrations or other actions are necessary or, in the opinion of the Collateral Agent, desirable to perfect the Liens created by the Security Documents. TO BE COMPLETED 15 DAYS AFTER THE REQUEST THEREFOR BY THE AGENT.

4. Surveys. At the request of the Agent, the Agent shall have received boundary line surveys of (i) the property leased by the Borrower and the Midstream Subsidiaries located in the States of Alaska, Arkansas, Colorado, New Mexico, Tennessee and Wyoming, and (ii) the real property owned by Borrower and the Midstream Subsidiaries located in the States of Alaska, Arkansas, Colorado, New Mexico, Tennessee and Wyoming, other than the Gathering Systems which boundary line surveys shall in each case be (A) dated a date reasonably close to the date of this Agreement (as determined by the Agent), (B) prepared by an independent professional licensed land surveyor reasonably satisfactory to the Agent, (C) prepared in a manner reasonably acceptable to the Agent and (D) shall reflect that the buildings, structures and other improvements necessary for the ownership and operation of the processing plants purported to be located on the property surveyed do not protrude on any adjoining property nor do any improvements located on land adjacent to the property surveyed encroach upon the property surveyed, which encroachments or protrusions in either case could reasonably be expected to adversely affect the ability of the Borrower or the Midstream Subsidiaries to own, maintain, operate or sell the property surveyed and/or the improvements located thereon. The Agent shall have received a certificate of an authorized officer of the Borrower certifying said

boundary line surveys are true and correct as of the date of this Agreement. TO BE COMPLETED 60 DAYS AFTER REQUEST BY THE AGENT THEREFOR.

5. Flood Insurance. If requested by the Agent, the Agent shall have received a policy of flood insurance in form and substance satisfactory to the Agent. TO BE COMPLETED 60 DAYS AFTER REQUEST BY THE AGENT THEREFOR.

6. Copies of Documents. If requested by the Agent, the Agent shall have received a copy, certified by such parties as the Agent may deem appropriate, of any document burdening the property covered by any Mortgage. TO BE COMPLETED 30 DAYS AFTER REQUEST BY THE AGENT THEREFOR.

7. Lien Searches. The Agent shall have received the results of recent lien searches by Persons reasonably satisfactory to the Agent, in each of the jurisdictions and offices where assets of the Borrower or any of the Midstream Subsidiaries are located or recorded, and such searches shall reveal no Liens on any assets of the Borrower or any such Subsidiary, except for (i) Liens permitted by this Agreement and (ii) Liens to be released or assigned to the Agent, for the ratable benefit of the Banks, on the date of this Agreement in connection with the execution, delivery and performance of the Credit Documents. TO BE COMPLETED ON OR BEFORE NOVEMBER 15, 2002.

8. Insurance. The Agent shall have received (i) copies of, or an insurance broker's or agent's certificate as to coverage under, the insurance policies required by this Agreement and the applicable provisions of the Security Documents, each of which policies shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement and to name the Collateral Agent as additional insured, in form and substance satisfactory to the Collateral Agent and (ii) confirmation from such insurance broker that the scope and amount of coverage maintained by the Borrower and its Subsidiaries are comparable to the scope and amount of the insurance maintained by other companies of similar size in the same industry and general location. TO BE COMPLETED ON OR BEFORE NOVEMBER 15, 2002.

9. Environmental Reports. If requested by the Agent, the Agent shall have received environmental assessment reports from E.vironment, Inc. with respect to processing, refining and other facilities and other parcels of real property owned or leased by the Borrower and the Midstream Subsidiaries, and the Issuing Banks shall be reasonably satisfied with the potential environmental liabilities to which the Borrower and its Subsidiaries may be subject based on such reports. TO BE COMPLETED 60 DAYS AFTER THE REQUEST THEREFOR BY THE AGENT.

10. Title Vested in Borrower. The Agent and the Issuing Banks shall be reasonably satisfied that all filings and other actions required to be taken or made in order to vest title to all of the Properties of the Borrower and the Midstream Subsidiaries shall have been

taken or made and are in full force and effect. TO BE COMPLETED 60 DAYS AFTER THE REQUEST THEREFOR BY THE AGENT.

11. Mortgages. The Borrower shall deliver to the Collateral Agent, within fifteen Business Days of the delivery of any Mortgage to the Borrower (or, with respect to Mortgages to be filed in Kansas, as promptly as possible using its best efforts), evidence of such recordings and filings as may be necessary, in the opinion of the Collateral Agent, to perfect the Liens created by such Mortgage. Upon the request of Collateral Agent, the Borrower shall provide all assistance as may be necessary in connection with the preparation of the Mortgages.

12. Consents to the Pledging of Excluded Equity Interest. The Borrower shall use its best efforts to obtain all third party consents necessary to pledge the Excluded Equity Interests (other than the Equity Interest in the Restricted Midstream Subsidiaries and the Equity Interest of MLP held by NewGP) pursuant to the Pledge Agreement. TO BE REQUESTED WITHIN 30 DAYS AFTER THE DATE OF THIS AGREEMENT AND TO BE PURSUED DILIGENTLY THEREAFTER.

13. Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be satisfactory in form and substance to the Agent, and the Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

14. Additional Legal Opinions. The Agent shall have received, with a counterpart for each Issuing Bank under the L/C Agreement, executed legal opinions which confirm that the Mortgages and deeds of trust filed with respect to the Collateral shall continue to constitute valid, enforceable, and duly recorded liens on the real property following the amendment and restatement of the Existing Credit Agreement and of the Multiyear Williams Agreement, securing the obligations of such agreements as amended. To the extent that any supplemental deed of trust or mortgage filings are required in connection with the above described legal opinions, the Agent shall have received evidence of such recordings and filings as may be necessary, in the opinion of the Collateral Agent, to ensure the continued perfection of the Liens created by any such Mortgage. IN EACH CASE, TO BE COMPLETED 30 DAYS AFTER THE DATE OF THIS AGREEMENT.

15. Approvals of and Consents to Assignments. In connection with the termination of (a) the Amended and Restated Guarantee, dated as of July 25, 2000, issued by TWC for the benefit of The Commonwealth Plan, Inc. and CBL Capital Corporation, as amended, (b) the Lease Agreement, dated as of December 29, 1995, between The Commonwealth Plan, Inc., as Lessor, and WFS - Pipeline Company, as Lessee, and (c) the Lease Agreement, dated as of December 29, 1995, between CBL Capital Corporation, as Lessor, and WFS - Offshore Gathering Company, as Lessee, TWC and either WFS - Offshore

Gathering Company or WFS - Pipeline Company, as applicable, shall use their best efforts to obtain (i) the approval of the United States Department of the Interior, Minerals Management Service to the assignment of certain easements to WFS - Offshore Gathering Company by CBL Capital Corporation and (ii) the consents of third parties necessary to the assignments of any leases and/or easements by CBL Capital Corporation to WFS - Offshore Gathering Company or by The Commonwealth Plan, Inc. to WFS - Pipeline Company. TO BE COMPLETED ONE YEAR AFTER THE DATE OF THIS AGREEMENT.

SCHEDULE XIII

OUTSTANDING LETTERS OF CREDIT

SCHEDULE XIV

PERMITTED DISPOSITIONS

1. Apco Argentina

   - Apco Argentina, Inc.

   - Apco Properties Ltd. (100%)

   - Petrolera Perez Companc S.A. (33.6%- Currently in process of purchasing an additional 5.5%)

2. Energy International

   - Energy International Corporation (owns "Gas to Liquids" technology).

3. Discovery

   - Williams Energy, L.L.C. owns a 50% interest in Discovery Producer Services LLC (unregulated) which in turn is the sole member of Discovery Gas Transmission LLC (regulated).

4. Southern Ute (Collateral)

   - Williams Field Services Company's interest in natural gas pipeline gathering systems totaling approximately 91 miles of pipeline in La Plata County, Colorado, together with all associated real property interests, shipper contracts, and governmental permits, licenses, orders, approvals, certificates of occupancy and other authorizations.

5. Dry Trail CO2 Recovery Plant (Collateral)

   - Williams Field Services Company owns and operates a 50 MMcfd CO2 recovery plant in Texas County, Oklahoma located on 26 acres near the town of Hough, Oklahoma to remove and recycle CO2 at ExxonMobil's Postle field enhanced oil recovery project.

6. Aux Sable and Alliance Canada Marketing L.P.

   - Williams Alliance Canada Marketing Inc. has a 14.604% interest in Alliance Canada Marketing Ltd. which owns a 1% interest in and is the general partner of Alliance Canada Marketing L.P. (the "Alliance LP"). Williams Alliance Canada Marketing Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Alliance LP.

- Williams Natural Gas Liquids Canada, Inc. has a 14.604% interest in Aux Sable Canada Ltd. which owns a 1% interest in and is the general partner of Aux Sable Canada LP (the "Canada LP"). Williams Natural Gas Liquids Canada, Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Canada LP.

- Williams Natural Gas Liquids, Inc. has a 14.604% interest in Aux Sable Liquid Products Inc. which owns a 1% interest in and is the managing general partner of Aux Sable Liquid Products LP (the "Liquid LP"). Williams Natural Gas Liquids, Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Liquid LP.

7. Deepwater

- Devil's Tower

  The Devil's Tower floating production facility currently under construction that will be located on block 773 of Mississippi Canyon. The oil and gas export pipelines attached to the Devil's Tower Spar known as Canyon Chief and Mountaineer and associated pumps, compressors, platforms and other equipment.

- Gunnison

  The oil pipeline known as the Alpine Pipeline that begins at the Gunnison discovery and terminates at the platform located at GA 244.

- Canyon Station

  The Canyon Station fixed leg platform located at Main Pass block 261 which processes oil and gas production from deepwater wells located in Mississippi Canyon.

- Equity of the Deepwater JV.

- Collectively, the property referred to in this Item 8; shall be referred to as the "Deepwater Assets"; provided that, for clarification, such assets are not subject to the Deepwater Transactions so long as such Deepwater Transactions are in full force and effect.

8. Gulf Liquids

- Gulf Liquids New River Project, LLC and its assets. Gulf Liquids New River Project, LLC is 90% owned by Gulf Liquids Holdings, LLC, which is 100% owned by EM&T.

9. EM&T (Collateral)

   - Equity Interest in Williams Energy Marketing & Trading Company.

10. Worthington Generation, L.L.C. (Collateral)

    - Equity Interests and assets of Worthington Generation, L.L.C.

11. Williams Generation Company-Hazelton (Collateral)

    - Equity Interests and assets of Williams Generation Company-Hazelton.

12. Williams Energy (Canada), Inc. and its Subsidiaries

    - Equity Interests and assets of William Energy (Canada), Inc. and its Subsidiaries.

13. Those certain gathering and related assets owned by Goebel Gathering Company, L.L.C. and WFS Gathering Company, L.L.C. subject to purchase and sale agreements with Enbridge Pipelines (Texas Gathering) Inc. dated October 10, 2001 for a purchase price of approximately $9,000,000. (Collateral)

14. Property received from any sale, transfer or other disposition of Collateral made pursuant to Section 5.2(e). (Collateral)

15. Mapco Office Building. (Collateral)

16. For the avoidance of doubt, the disposition or redemption of the Class B Units in MLP shall not be a Permitted Disposition.

17. Interests in joint development arrangements existing on July 31, 2002 by Williams Energy Marketing & Trading Company, which are transferred as a result of Williams Energy Marketing & Trading Company's decision not to continue funding.

SCHEDULE XV
ADDITIONAL PUBLIC FILING

1. Consolidated Amended Complaint, In Re Williams Securities Litigation, Case No. 02-CV-72-H(M) in the United States District Court for the Northern District of Oklahoma.

SCHEDULE XVI

STORAGE LEASE

On July 18, 2001 Williams Midstream Natural Gas Liquids, Inc. ("WMNGL"), as sublessor, and Liberty Gas Storage LLC ("Liberty"), as sublessee, entered into a sublease agreement whereby, upon satisfaction of certain conditions precedent by the sublessee, WMNGL would sublease certain sulphur mines located in Calcasieu, Louisiana to Liberty for the development of natural gas storage facilities.

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement (this "Agreement"), is dated as of ____________ , 2002, by and between LIBERTY GAS STORAGE PARTNERS, L.P., a Delaware limited partnership ("Liberty"), and CITIBANK, N.A., as collateral agent (the "Agent") for certain lenders (the "Lenders") described below.

RECITALS

A. WHEREAS, Liberty is the sublessee (by assignment from Liberty Gas Storage LLC, a Delaware limited liability company) under the Sublease Agreement dated July 18, 2001 (the "Sublease"), with WILLIAMS MIDSTREAM NATURAL GAS LIQUIDS, INC., a Delaware corporation ("Williams"), as sublessor. The Sublease covers a portion of certain lands, including pipeline corridors and access rights of way, as well as certain salt caverns located thereon and associated equipment, insofar and only insofar as same affect the following described property situated in the Parish of Calcasieu, Louisiana:

> [Part of Sections 17, 20, 29, 32, Township 9 South, Range 10 West, and more particularly described on Exhibit A-1, and shown on Exhibit A-5 attached hereto and made a part hereof.] [verify]

The term "Liberty Leased Assets" shall mean such property subleased by Williams to Liberty, as described and defined in the Sublease.

B. The subleasehold estate created by the Sublease is a portion of the leasehold estate created by the Lease Agreement dated January 1, 1991 (the "Burlington Lease") between Union Texas Petroleum Corporation and Union Texas Products Corporation, recorded in Conveyance Book 2235, page 260, under Clerk's File No. 2085889, in Calcasieu Parish, Louisiana. By various intermediate conveyances, the current lessor under the Burlington Lease is Burlington Resources Corporation [verify] and the current lessee under the Burlington Lease is Williams.

C. Williams has granted a mortgage dated __________, 2002 (the "Mortgage") recorded in Mortgage Book ___ , Page ___ , under Clerk File No. ___ , in Calcasieu Parish, Louisiana, encumbering the leasehold estate and other rights of Williams under the Burlington Lease to the Agent, for the benefit of the Lenders from time to time parties ______________________ [INSERT description of loan].

D. WHEREAS, Liberty has requested that the Agent agree not to disturb Liberty's possessory rights in the Liberty Leased Assets in the event the Agent should foreclose on the Mortgage, provided the Sublease is then in full force and effect and provided further that Liberty attorns to the Agent or the purchaser at any foreclosure sale of the leasehold estate under the Burlington Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, Liberty and Agent hereby agree as follows:

Section 1. Subordination. Subject to the express terms of this Agreement, Liberty agrees that the Sublease, as the same may be modified, amended or extended, and the subleasehold estate created thereby, and all of the rights, remedies and options of Liberty thereunder, are and shall at all times continue to be subject and subordinate in all respects to the Mortgage and the lien thereof, and to all rights of Agent thereunder, including, without limitation, all renewals, increases, modifications, consolidations and extensions thereof.

Section 2. Non-Disturbance. Agent agrees that if any action or proceeding is commenced by Agent for the foreclosure of the Mortgage and the seizure and sale of the Liberty Leased Assets as part of the leasehold estate under the Burlington Lease, or if Agent acquires the Liberty Leased Assets, whether through foreclosure or deed in lieu of foreclosure (or dation en paiement), Agent shall maintain Liberty in possession under the terms of the Sublease, provided that at such time the Sublease shall be in full force and effect and shall not have expired or been terminated.

Section 3. Attornment. Liberty agrees that if the Agent, any of the Lenders or a purchaser at a sheriff's sale (each a "Transferee") shall become the owner of the Liberty Leased Assets by reason of the foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure (or dation en paiement) (a "Transfer Event"), and provided that at such time the Sublease shall be in full force and effect and shall not have expired or been terminated, the Sublease shall not be terminated or affected thereby, but shall continue in full force and effect as a direct sublease between Liberty and such Transferee upon all the terms, covenants and conditions set forth in the Sublease. Upon such a Transfer Event, Liberty agrees to attorn to such Transferee as sublessor under the Sublease, and to be bound by and perform all of the obligations imposed by the Sublease on the sublessee thereunder. Also, upon such a Transfer Event, the Transferee will be bound by all of the obligations imposed by the Sublease on the sublessor; provided, however, that such Transferee shall not be: (i) liable for any act or omission of Williams, provided that the foregoing shall not be deemed to relieve such Transferee from the obligation to perform any obligation of the sublessor under the Sublease which obligation (a) remains unperformed at the time that such Transferee succeeds to the interest of sublessor under the Sublease and (b) is made known to Transferee and Transferee is provided notice and given the same opportunity to cure as afforded Williams under the Sublease; or (ii) bound by any rent which Liberty might have paid under the Sublease for more than one month in advance, unless actually received by such Transferee; or (iii) bound by any amendment or modification of the Sublease that could have a material adverse affect on Agent's rights as a secured party; or (iv) subject to any offsets or defenses that Liberty might have against Williams (or any prior sublessor, if applicable) unless Transferee has been given written notice thereof and the same opportunity to cure as afforded Williams under the Sublease.

Section 4. Covenants of Liberty. Liberty covenants and agrees that contemporaneously with any written notice sent by Liberty to Williams of a default by Williams under the Sublease, Liberty shall contemporaneously send a copy of such default notice to the Agent.

Section 5. Disclaimer by Agent. Notwithstanding any of the provisions hereof, Agent shall have no obligation in favor of Liberty to perform any term, covenant or condition contained in the Sublease, unless and until Agent acquires ownership of the Liberty Leased Assets through foreclosure, deed in lieu of foreclosure (or dation en paiement) or otherwise.

Section 6. New Lease. Upon the written request of either Liberty or a Transferee to the other given within thirty (30) days after any Transfer Event, Liberty and such Transferee shall execute a new sublease of the Liberty Leased Assets upon the same terms and conditions as the Sublease, which new sublease shall cover any unexpired term of the Sublease existing prior to such Transfer Event.

Section 7. Notices. Any notice or other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly dispatched if delivered in person, sent by a nationally recognized overnight courier (fee prepaid), mailed by certified mail (postage prepaid return receipt requested), or transmitted by telecopier to the address as set forth below. The following are the addresses of the parties:

LIBERTY:

Liberty Gas Storage Partners, L.P.
2929 BriarPark, Suite 140
Houston, Texas 77042
Attention: ____________________
Facsimile: (713) 781-4966

AGENT:
Citibank, N. A.
Collateral Trustee
111 Wall Street
New York, New York 10043
telecopier number: (212) 657-3862
Attention: Edward Morelli

with a copy to:
Citicorp North America, Inc.,
1200 Smith Street, Suite 2000
Houston, Texas 77002
telecopier number: (713) 654-2849)
Attention: The Williams Companies, Inc. Account Officer

Section 8. Amendment. Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated orally or in any manner other than by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

SECTION 9. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF LOUISIANA, EXCLUDING THE LOUISIANA LAW OF CONFLICTS.

Section 10. Successors. This Agreement shall inure to the benefit of the parties hereto and their respective successors and assigns.

Section 11. Counterparts. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

Executed by the duly authorized representatives of Liberty and the Agent as of the date hereinabove first written.

LIBERTY GAS STORAGE

By:
    -----------------------------------'
    Its:

By:

    Name:

    Title:

CITIBANK, as Collateral Agent

By:

    Name:

    Title:

STATE OF TEXAS
COUNTY OF __________

BEFORE ME, the undersigned Notary Public duly commissioned qualified and sworn within and for the State and County written above, personally came and appeared _________________________, to me personally known, and who being by me duly sworn, did say that he is the authorized _____________________________ of __________________________, the _____________________ of LIBERTY GAS STORAGE ______________________, whose name is subscribed to the foregoing Subordination, Non-Disturbance and Attornment Agreement, and that he executed the foregoing Subordination, Non-Disturbance and Attornment Agreement by authority of said company's __________________ on behalf of said company as its free act and deed.

THUS DONE AND SIGNED before me and the two undersigned witnesses in the County and State aforesaid, on this ___ day of [___________], 2002. Witness my hand and official seal.

WITNESSES:

- -------------------------------------   -------------------------------------
Name: --------------------------------   Name: --------------------------------

- -------------------------------------
Name: --------------------------------

NOTARY PUBLIC

Seal
My Commission expires:

STATE OF NEW YORK
COUNTY OF NEW YORK

BEFORE ME, the undersigned Notary Public duly commissioned qualified and sworn within and for the State and County written above, personally came and appeared _______________, to me personally known, and who being by me duly sworn, did say that he is the authorized ____________ of CITIBANK, N.A., as Collateral Agent, whose name is subscribed to the foregoing Subordination, Non-Disturbance and Attornment Agreement, and that he executed the foregoing Subordination, Non-Disturbance and Attornment Agreement by authority of said company's __________________ on behalf of said company as its free act and deed. THUS DONE AND SIGNED before me and the two undersigned witnesses in the County and State aforesaid, on this ___ day of [___________], 2002. Witness my hand and official seal.

WITNESSES:

- ------------------------------------- -------------------------------------
Name: -------------------------------- Name: --------------------------------

- -------------------------------------
Name: --------------------------------

NOTARY PUBLIC

Seal
My Commission expires:

EXHIBIT A-1

[Attach legal description from Sublease]

EXHIBIT A
TO
CREDIT AGREEMENT

OPINION OF WILLIAM G. VON GLAHN

EXHIBIT B-1
TO
CREDIT AGREEMENT

OPINION OF NEW YORK COUNSEL
(ENFORCEABILITY)

EXHIBIT B-2
TO
CREDIT AGREEMENT

OPINION OF NEW YORK COUNSEL
(PERFECTION)

EXHIBIT C
TO
CREDIT AGREEMENT

EXISTING LOANS AND INVESTMENTS IN WCG SUBSIDIARIES

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
Amended and Restated Administrative Services Agreement but excluding all Service Level Agreements included therein other than those listed below		
Amended and Restated Administrative Services Agreement - Cafeteria Card (SLA No. ASF-11)		
Amended and Restated Administrative Services Agreement - Catering Services (SLA No. ASF-3)	23-Apr-01	TWC and WCG
Amended and Restated Administrative Services Agreement - Data Center Floor Space (SLA No. IT-23)		
Amended and Restated Administrative Services Agreement - Security System Administration (SLA No. ASR-2)		
Amended and Restated Administrative Services Agreement - Telecommunications Support (PBX) (SLA No. IT-19)		
Amended and Restated Administrative Services Agreement - Warren Clinic (SLA No. HR-17)		
Amended and Restated Administrative Services Agreement - Records Management (Revised) (SLA No. ASF-9)		
Amended and Restated Confidentiality and Nondisclosure Agreement	1-Feb-02	TWC and WCG
Amended and Restated Cross-License Agreement	23-Apr-01	TWC and WCG
Amended and Restated Employee Benefits Agreement	23-Apr-01	TWC and WCG
Amended and Restated Separation Agreement	23-Apr-01	TWC and WCG
Amendment of State of Oklahoma OIC Agreement	23-Apr-01	TWC and WCG
ITWill Assignment and Assumption Agreement	23-Apr-01	TWC and WCG
Mutual Waiver, dated April 23, 2001	23-Apr-01	TWC and WCG
Professional Services Agreement	23-Apr-01	TWC, WCG, The Feinberg Group, LLP
Relocation Services Agreement	2-Jan-02	Williams Relocation Management, Inc. (a TWC subsidiary) and WCG
Restructuring Support Agreement	23-Feb-02	TWC and WCG
Shareholder Agreement	23-Apr-01	TWC and WCG
Trademark License Agreement	23-Apr-01	TWC and WCG
Guaranty Indemnification	26-Jul-02	TWC and WCG Agreement

All agreements and exhibits related to or incorporated by the foregoing that were entered into to implement the transactions contemplated thereby, e.g. Assignment and Assumption Agreements, Bills of Sale.

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
Agreement of Purchase and Sale and Construction Completion	26-Feb-01 (as amended 13-Mar-01, 13-Apr-01, 13-Sep-01, 30-Apr-02)	Williams Headquarters Building Company and WCL
Agreement to Terminate Aircraft Dry Lease - N352WC	27-Mar-02	Williams Aircraft Leasing, LLC (a TWC subsidiary) and WCL
Aircraft Dry Lease - N358WC	13-Sep-01	Williams Communications Aircraft, LLC (a TWC subsidiary) and WCL
Aircraft Dry Lease - N359WC	13-Sep-01	Williams Communications Aircraft, LLC (a TWC subsidiary) and WCL
Bank of Oklahoma Tower Use Agreement	23-Apr-01	Williams Headquarters Building Company and WCL
Central Plant Lease Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Construction, Operating and Maintenance Agreement	1-Jan-97 (as amended 19-Feb-99)	Transcontinental Gas Pipe Line Corporation (a TWC subsidiary) and WCL
Consulting Services Agreement	29-Oct-01	Williams Pipe Line Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	18-Feb-99	Northwest Pipeline Corporation (a TWC subsidiary) and WCL
Co-Occupancy Agreement	22-Feb-99	Williams Gas Pipelines Central, Inc. (a TWC subsidiary) and WCL
Co-Occupancy Agreement	1-May-00	Williams Pipe Line Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	5-Mar-99 (as amended 23-Apr-01)	Mid-America Pipeline Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	5-Mar-99 (as amended 23-Apr-01)	Williams Field Services Company (a TWC subsidiary) and WCL
Dark Fiber IRU Agreement	26-Feb-01	Transcontinental Gas Pipe Line Corporation (a TWC Subsidiary) and WCL
Fairfax Terminal Station Site Lease	26-Aug-96	Williams Pipe Line Company (a TWC subsidiary) and WCL
First Amendment to Level 3 Sublease Agreement	1-Jan-99 (as amended 31-Dec-00 and assigned 23-Apr-01)	TWC and WCL

AGREEMENT	DATE	PARTIES
Lease Agreement	1-Jan-97	Williams Natural Gas Company (a TWC subsidiary now known as Williams Gas Pipelines Central, Inc.) and WCL
Lease Agreement	1-Sep-95	Transcontinental Gas Pipe Line Corporation (a TWC subsidiary) and WCL
Lease Agreement	1-Mar-97	Texas Gas Transmission Corporation and WCL
Management Services Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Master Agreement	23-Feb-99 (as amended 23-Apr-01)	Williams Pipe Line Company (a TWC subsidiary) and WCL
Nondisclosure Agreement	29-Oct-01	TWC and WCL
Northwest Plaza Level Amended and Restated Lease Agreement	1-Jan-99 (as amended 31-Dec-00)	Original Amended and Restated Lease Agreement between Williams Headquarters Building Company, Landlord, and WCL, Tenant; amendment between TWC, Sublessor, and WCG, Sublessee
Operation, Maintenance and Repair Agreement	19-Feb-99 (as amended 31-Aug-99)	Mid-America Pipeline Company, Northwest Pipeline Corporation, Texas Gas Transmission Corporation, Transcontinental Gas Pipe Line Corporation, Williams Field Services Company, Williams Gas Pipelines Central, Inc. and Williams Pipe Line Company and WCL
Partial Assignment and Assumption Agreement	26-Feb-01	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Sale Agreement	14-Feb-97	Williams Pipe Line Company (a TWC subsidiary) and WCL
Southwest Plaza Level Amended and Restated Lease Agreement	1-Jan-99	Williams Headquarters Building Company and WCL
Sublease Agreement	1-May-00	Williams Pipe Line Company (a TWC subsidiary) and WCG; WCG assigned its rights to WCL on 2-Apr-02
Technical Services Agreement	1998	Spectrum Network Systems Limited (now known as PowerTel Limited, a 45% WCG subsidiary) and Williams International Services Company (a TWC subsidiary)
Teleport Services Agreement	9-Oct-01	Williams Energy Marketing & Trading co. (a TWC subsidiary) and WCL
The Depot Amended and Restated Lease Agreement	1-Jan-99 (as amended 31-Dec-00 and assigned 23-Apr-01)	Williams Headquarters Building Company and WCL
TWC Corporate Guarantee	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
TWC Corporate Guarantee	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary

AGREEMENT	DATE	PARTIES
TWC Guaranty	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
User Agreement for Pipe	5-Mar-99 (as amended 23-Apr-01)	Williams Pipe Line Company (a TWC subsidiary) and WCL
Utility Service Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Web Hosting and Streaming Services Agreement	2-Oct-00	Williams Energy Services, Inc. (a TWC subsidiary) and WCL
Weld County Sublease Agreement	19-Apr-96	Williams Natural Gas Company (a TWC subsidiary) and WCL
Declaration of Reciprocal Easements (as amended)	15-Oct-02	Williams Headquarters Building Company and Williams Technology Center, LLC
Membership Unit Purchase Agreement	15-Oct-02	Williams Aircraft, Inc. and Williams Communications, LLC
Real Estate Purchase Agreement	15-Jul-02	Williams Headquarters Building Company, Williams Technology Center, LLC, Williams Communications, LLC, Williams Communications Group, Inc. and Williams Aircraft Leasing, LLC
Reaffirmation and Cancellation Agreement	15-Oct-02	TWC, WCG and its Subsidiaries

All agreement and exhibits related to or incorporated by the foregoing that were entered into to implement the transactions contemplated thereby, e.g. Assignment and Assumption Agreements, Bills of Sale.

EXHIBIT D
TO
CREDIT AGREEMENT

FORM OF TRANSFER AGREEMENT

Dated __________, 20__

Reference is made to the Amended and Restated Credit Agreement, dated as of October 31, 2002 (such Credit Agreement, as amended or otherwise modified from time to time, being herein referred to as the "Credit Agreement"), among The Williams Companies, Inc., as Borrower, Citicorp USA, Inc., as Agent and Collateral Agent for the Banks, Bank of America N.A., as Syndication Agent, the Banks and Issuing Banks parties thereto and Salomon Smith Barney Inc., as Arranger. Terms defined in the Credit Agreement are used herein with the same meaning.

_________________________ (the "Assignor") and __________________ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to all of the Assignor's rights and obligations under the Credit Agreement and the other Credit Documents executed in connection therewith as of the date hereof equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's and Assignor's respective Letter of Credit Commitments and LC Participation Percentage will be as set forth in Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement, the other Credit Documents or other instrument or document furnished pursuant thereto or in connection therewith, the perfection, existence, sufficiency or value of any Collateral, guaranty or insurance or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any of the other Credit Documents or any other instrument or document furnished pursuant thereto or in connection therewith; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Person or the performance or observance by the Borrower or any other Person of any of its respective obligations under the Credit Agreement, the other Credit Documents or any other instrument or document furnished pursuant thereto or in connection therewith.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.1(e) of the Credit Agreement and such other documents and information as it has deemed

appropriate to make its own credit analysis and decision to enter into this Transfer Agreement; (ii) agrees that it will, independently and without reliance upon the Agent, the Collateral Agent, any Issuing Bank, the Assignor, the Collateral 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 the Credit Agreement, any other Credit Document, or any other instrument or document; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes each of the Agent and the Collateral Agent, respectively, to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent and the Collateral Agent, respectively, by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank; and (vi) specifies as its Lending Office (and address for notices) the office set forth beneath its name on the signature pages hereof.

4. Following the execution of this Transfer Agreement by the Assignor and the Assignee, this Transfer Agreement will be delivered to the Agent for acceptance and recording by the Agent. The effective date of this Transfer Agreement (the "Effective Date") shall be the date of acceptance thereof by the Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Transfer Agreement, have the rights and obligations of a Bank thereunder and under the other Credit Documents and (ii) the Assignor shall, to the extent provided in this Transfer Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and under the other Credit Documents.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the other instruments or documents furnished pursuant thereto or in connection therewith in respect of the interest assigned hereby (including all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the other instruments or documents furnished pursuant thereto or in connection therewith for periods prior to the Effective Date directly between themselves.

7. This Transfer Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Transfer 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. Delivery of an executed counterpart of Schedule 1 to this Transfer Agreement by telecopier shall be as effective as delivery of a manually executed counterpart of this Transfer Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Transfer Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

Schedule 1
to
Transfer Agreement

Section 1.

LC Participation Percentage interest assigned:	____________%
Assignee's LC Participation Percentage interest before giving effect to this Transfer Agreement:	____________%
Assignee's LC Participation Percentage interest after giving effect to this Transfer Agreement:	____________%
Assignor's remaining LC Participation Percentage interest after giving effect to this Transfer Agreement:	____________%

Section 2.

U.S. Dollar L/C Commitment interest assigned:	$____________
Assignee's U.S. Dollar L/C Commitment before giving effect to this Transfer Agreement:	$____________
Assignee's U.S. Dollar L/C Commitment after giving effect to this Transfer Agreement:	$____________
Assignor's remaining U.S. Dollar L/C Commitment after giving effect to this Transfer Agreement:	$____________
Canadian Dollar L/C Commitment interest assigned:	$____________
Assignee's Canadian Dollar L/C Commitment before giving effect to this Transfer Agreement:	$____________
Assignee's Canadian Dollar L/C Commitment after giving effect to this Transfer Agreement:	$____________
Assignor's remaining Canadian Dollar L/C Commitment after giving effect to this Transfer Agreement:	$____________

Section 3.

Effective Date: _____________________, 20____

[NAME OF ASSIGNOR], as Assignor

By:

Name:
Title:
Dated:

[NAME OF ASSIGNEE], as Assignee

By:

Name:
Title:
Dated:

Lending Office (and address for notices):

[Address]

[Approved this ___ day of ______, _______

THE WILLIAMS COMPANIES, INC.

By:

Name:
Title:]

[Approved this ___ day of ______, _______

[NAME OF [ISSUING BANK][BANK]], as [Issuing Bank][Bank]

By:

Name:
Title:]

[Approved this ___ day of ______, _______

CITICORP USA, INC., as Agent

By:

Name:
Title:]

EXHIBIT E
TO
CREDIT AGREEMENT

FORM OF NOTICE OF LETTER OF CREDIT

[Date]

Citicorp USA, Inc., as Agent
for the Banks parties to the Credit
Agreement referred to below
399 Park Avenue
New York, New York 10043

Attention: Williams Account Officer

Ladies and Gentlemen:

The undersigned, The Williams Companies, Inc. (the "Borrower"), (a) refers to that certain Credit Agreement, dated as of October 31, 2002 (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), among The Williams Companies, Inc., as Borrower, Citicorp USA, Inc., as Agent and Collateral Agent for the Banks, Bank of America N.A., as Syndication Agent, the Banks and Issuing Banks parties thereto and Salomon Smith Barney Inc., as Arranger; (b) hereby gives you notice, irrevocably, pursuant to Section 2.10 of the Credit Agreement that the undersigned hereby requests _____________ (the "Issuing Bank") to issue an irrevocable standby Letter of Credit as set forth below in such language as the Issuing Bank may deem appropriate and (c) in that connection sets forth below the information relating to such standby Letter of Credit (the "Standby Letter of Credit") as required by Section 2.10 of the Credit Agreement:

(i) The Business Day upon which the Standby Letter of Credit will be issued is ______________, 20____ (the "Issuance Date").

(ii) The account party for the Standby Letter of Credit is the _____________.

(iii) Attached hereto as Exhibit A are the proposed terms of the Standby Letter of Credit (including the beneficiary thereof and the nature of the transactions or obligations proposed to be supported thereby).

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Issuance Date:

(a) the representations and warranties contained in Section 4.1 of the Credit Agreement and in each of the Security Documents are correct on and as of the

Issuance Date, before and after the issuance of the Standby Letter of Credit, as though made on and as of such date;

(b) no event has occurred and is continuing, or would result from the issuance of the Standby Letter of Credit, which constitutes a Default or Event of Default;

(c) after giving effect to the Standby Letter of Credit and all Letters of Credit which have been requested on or prior to the date hereof but which have not been made or issued prior to the date hereof, the sum of the aggregate principal amount of all Letter of Credit Liabilities will not exceed the aggregate of the Letter of Credit Commitments; and

(d) after giving effect to the Standby Letter of Credit and all Letters of Credit issued on or prior to the date hereof, the sum of the aggregate principal amount of all Letters of Credit issued by the Issuing Bank to which this issuance request is being made will not exceed the Letter of Credit Commitment of such Issuing Bank.

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

[Issuing Bank]

EXHIBIT F
TO
CREDIT AGREEMENT

FORM OF SECURITY AGREEMENT

EXHIBIT G
TO
CREDIT AGREEMENT

FORM OF LLC GUARANTY

EXHIBIT H
TO
CREDIT AGREEMENT

FORM OF MIDSTREAM GUARANTY

EXHIBIT I
TO
CREDIT AGREEMENT

FORM OF PLEDGE AGREEMENT

EXHIBIT J
TO
CREDIT AGREEMENT

FORM OF HOLDINGS GUARANTY

EXHIBIT 10.4
EXECUTION COPY

FIRST AMENDMENT TO SECURITY AGREEMENT

This First Amendment dated as of October 31, 2002 (this "Amendment") to the Security Agreement dated as of July 31, 2002 (as amended and modified from time to time, the "Security Agreement"), is among The Williams Companies, Inc. (the "Company"), and each of its Subsidiaries which is or which subsequently becomes a party to the Security Agreement (together, with the Company, the "Grantors"), in favor of Citibank, N.A., as collateral trustee ("Collateral Trustee") for the benefit of the holders of the Secured Obligations. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Security Agreement.

WITNESSETH:

WHEREAS, the parties hereto have agreed to amend certain provisions of the Security Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Security Agreement is hereby amended as follows:

1. Amendments

(a) Pursuant to the terms of those two certain Consent and Waivers each dated as of September 20, 2002, by and among the Company and the other signatories thereto, the Security Agreement was amended to (i) remove Williams Field Services - Gulf Coast Company, L.P. as a Grantor and (ii) add Williams Gulf Coast Gathering Company, LLC as a Grantor. Pursuant to this Amendment, the following additional parties are added as Grantors: WFS - Pipeline Company; WFS Gathering Company, L.L.C.; Williams Field Services-Matagorda Offshore Company, LLC; Williams Gas Processing - Mid Continent Region Company; WFS-OCS Gathering Co.; HI-BOL Pipeline Company; Goebel Gathering Company, L.L.C.; Williams Petroleum Services, LLC; Longhorn Enterprises of Texas, Inc.; and Williams GP LLC. Notwithstanding the foregoing, Williams GP LLC will not be deemed to be a Grantor under the Security Agreement until the occurrence of (i) the formation of NewGP (as defined in the New Credit Agreement) and (ii) the transfer by Williams GP LLC to NewGP of the general partnership interests and incentive distribution rights held by Williams GP LLC in Williams Energy Partners L.P. Company hereby covenants to cause the formation of NewGP and, contemporaneously therewith, transfer to NewGP the general partnership interests and incentive distribution rights held by Williams GP LLC in Williams Energy Partners L.P. promptly following its execution of this Amendment.

(b) The definition of "General Intangible" or "General Intangibles" set forth in Section 1.1 of the Security Agreement is amended by adding the phrase "provided, however that "General Intangibles" shall not include any general or limited partnership interests, limited liability company interests, trust interests, joint ventures interests or any other similar equity ownership rights arising under the law of any jurisdiction." to the end of such definition.

(c) The definition of "Investment Property" set forth in Section 1.1 of the Security Agreement is amended by adding the phrase "provided, however that "Investment Property" shall not include any general or limited partnership interests, limited liability company interests, trust interests, joint ventures interests or any other similar equity ownership rights arising under the law of any jurisdiction unless such equity ownership interests or rights constitute Proceeds." to the end of such definition.

(d) The following sentence shall be added to the end of Section 2.1 of the Security Agreement: "Notwithstanding the general grant of a security interest set forth above in this Section 2.1, (i) the security interest in the oil of Williams Alaska Petroleum, Inc. ("WAPI") that is transported through the Trans-Alaska Pipeline System shall attach only at the time such oil is delivered to WAPI through the Trans-Alaska Pipeline System at the outlet flange measuring device located at North Pole, Alaska and (ii) Excluded Collateral (as defined in the New Credit Agreement and the Multiyear Williams Credit Agreement) shall not constitute Collateral under this Security Agreement."

(e) Section 3.6 of the Security Agreement is hereby amended and restated in its entirety and replaced with the following:

> Section 3.6 Control of Investment Property. Each Grantor shall take any and all actions reasonably requested by Collateral Trustee to ensure that Collateral Trustee has a first priority security interest in (subject only to Permitted Liens other than the Permitted Liens described in Schedule III Paragraphs y, gg, and jj from the New Credit Agreement and Schedule VI Paragraphs y, gg, and jj from the Multiyear Williams Credit Agreement) and "control" (within the meaning of Section 8-106 of the UCC) of Collateral constituting Investment Property and deposit accounts (as defined in the UCC).

(f) The following Section 3.11 is hereby added to the Security Agreement:

> 3.11 Permitted Dispositions. Notwithstanding anything to the contrary in Section 3 of this Security Agreement, the Grantors shall not be restricted from completing or permitting any dispositions that can be completed without violating any of the following provisions: Sections 5.2(e) and 5.2(f) of the New Credit Agreement, and Sections 5.02(f) and 5.02(l) of the Multiyear Williams Credit Agreement.

(g) Section 7.2 of the Security Agreement is hereby amended and restated in its entirety and replaced with the following:

Section 7.2 Action by Nominees. Notwithstanding anything to the contrary in this Security Agreement, any and all of the rights, powers and remedies of Collateral Trustee under this Security Agreement may be exercised by any nominee(s) of the Collateral Trustee or any other agent, person, trustee or nominee acting on behalf of the Collateral Trustee, and Collateral Trustee may assign or delegate all or any part of its rights and obligations under this Security Agreement to any one or more agent(s), person(s), trustee(s) or other nominee(s).

(h) Section 8.16 of the Security Agreement is hereby amended and restated in its entirety and replaced with the following:

Section 8.16 Incorporated Definitions and Provisions. All defined terms and other provisions (including, without limitation, the amendment provisions), that are incorporated into this Security Agreement by reference to other agreements shall incorporate into this Security Agreement the provisions of such other agreements that exist as of the date hereof; however, such provisions shall be automatically modified herein by any amendment or modification that takes place after the date hereof in such other referenced agreement(s); subject to the following limitations: (a) no such amendment or modification shall be effective with respect to this Security Agreement until Collateral Trustee shall have received a copy of such amendment or modification and (b) no provision of any such amendment or modification that imposes any additional liability, obligation or adverse effect on the Collateral Trustee shall be effective with respect to this Security Agreement unless the Collateral Trustee has executed a written consent to such provision or to the amendment or modification in which such provision is set forth.

(i) The following Section 8.18 is hereby added to the Security Agreement:

Section 8.18 Joinder. Pursuant to the terms of the Credit Documents certain Subsidiaries (hereafter referred to as the "Joining Subsidiaries") may desire to or be required to join this Security Agreement as Grantors. In connection with any such joinder the Joining Subsidiary shall cause to be executed and delivered (a) a joinder agreement substantially in the form of the joinder agreement attached hereto as Schedule IV and (b) authorization documentation, corporate documentation, perfection documentation and opinion letters reasonably satisfactory to the Collateral Trustee reflecting the status of such Joining Subsidiary and the enforceability of such agreements with respect to such Joining Subsidiary; provided, however, that the Collateral Trustee shall have no obligations with respect to the additional Collateral that results from the addition of a Joining Subsidiary as a Grantor pursuant to this Security Agreement

prior to the delivery of such additional Collateral, and Collateral Trustee shall have no duty to solicit the delivery of any Collateral from any Grantor.

(j) Schedule I to the Security Agreement is hereby amended and restated in its entirety and replaced with Schedule I attached hereto.

(k) Schedule II to the Security Agreement is hereby amended and restated in its entirety and replaced with Schedule II attached hereto.

(l) A new Schedule IV to the Security Agreement is hereby added which is the document attached as Schedule IV hereto.

2. Conditions to Effectiveness. This Amendment shall be deemed effective (the "Effective Date") upon the satisfaction of the conditions precedent as set out in Section 3.1 of that certain Amended and Restated Credit Agreement dated as of October 31, 2002, among Company and the Financial Institutions named therein, without giving effect to the terms of Section 3.3; provided, however, that the Collateral Trustee shall have no obligations with respect to the additional Collateral that results from the addition of Grantors as parties to the Security Agreement pursuant to this Amendment prior to the delivery of such additional Collateral, and the Collateral Trustee shall have no duty to solicit the delivery of any Collateral from any Grantor. Notwithstanding anything to the contrary herein, any provision or portion of a provision in this Amendment that is or is determined to be a release of Collateral shall not be effective to release such Collateral until the Collateral Trustee has received satisfactory documentation that such release of Collateral is permitted by or has been properly approved in accordance with the terms of the Collateral Trust Agreement.

3. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

4. Reference to and Effect on the Security Agreement. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver to, or modification of any other term or condition in the Security Agreement or any of the documents referred to therein. Except as expressly amended and consented hereby, the terms and conditions of the Security Agreement shall continue in full force and effect, and as amended hereby, the Security Agreement is ratified and confirmed in all respects. On and after the Effective Date, the Security Agreement shall be deemed to mean the Security Agreement as amended hereby.

5. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Schedule I: Schedule I to Security Agreement
Schedule II: Schedule II to Security Agreement
Schedule IV: Form of Joinder Agreement

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amendment to be signed in their respective names.

THE WILLIAMS COMPANIES, INC.,
as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

WORTHINGTON GENERATION, L.L.C.,
as Grantor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS ALASKA PETROLEUM, INC.,
as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ALASKA PIPELINE COMPANY, L.L.C.,
as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS REFINING & MARKETING, L.L.C.,
as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS PETROLEUM SERVICES, LLC,
as Grantor

By: WILLIAMS ENERGY SERVICES, LLC, its sole member

By: /s/ Phillip D. Wright

Name: Phillip D. Wright
Title: President

WILLIAMS PETROLEUM PIPELINE SYSTEMS,
INC., as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS MID-SOUTH PIPELINES, LLC,
as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GENERATION COMPANY-
HAZLETON, as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Vice President

WILLIAMS OLEFINS, L.L.C., as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS OLEFINS FEEDSTOCK PIPELINES,
L.L.C., as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS NATURAL GAS LIQUIDS, INC.,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MERCHANT SERVICES COMPANY, INC.,
as Grantor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS MIDSTREAM NATURAL GAS
LIQUIDS, INC., as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MEMPHIS TERMINAL, INC.,
as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GULF COAST GATHERING
COMPANY, LLC, as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GP, LLC, as Grantor

By: /s/ Don R. Wellendorf

Name: Don R. Wellendorf
Title: President and Chief Executive Officer

WILLIAMS GENERATING MEMPHIS, LLC, as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING - WAMSUTTER
COMPANY, as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING COMPANY,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING - MID-CONTINENT
REGION COMPANY, as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES GROUP, INC.,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES COMPANY,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES - MATAGORDA
OFFSHORE COMPANY, LLC, as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS EXPRESS, INC. (A DELAWARE CORPORATION),
as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS EXPRESS, INC. (AN ALASKA CORPORATION),
as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ETHANOL SERVICES, INC.,
as Grantor

By: /s/ Paul W. Nelson

Name: Paul W. Nelson
Title: Treasurer

WILLIAMS ENERGY SERVICES, LLC,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS BIO-ENERGY, L.L.C., as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS ALASKA AIR CARGO PROPERTIES, L.L.C.,
as Grantor

By: WILLIAMS ALASKA PETROLEUM, INC.,
its sole member

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WFS-OFFSHORE GATHERING COMPANY, as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-NGL PIPELINE COMPANY, INC.,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-LIQUIDS COMPANY, as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS GATHERING COMPANY, L.L.C.,
as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WFS ENTERPRISES, INC., as Grantor

By: /s/ Mary Jane Bittick

Name: Mary Jane Bittick
Title: Treasurer

WFS - PIPELINE COMPANY, as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS - OCS GATHERING CO., as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

NORTH PADRE ISLAND SPINDOWN, INC.,
AS GRANTOR

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MEMPHIS GENERATION, L.L.C.,
as Grantor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

MAPL INVESTMENTS, INC.,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MAPCO INC., as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

LONGHORN ENTERPRISES OF TEXAS, INC.,
as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

JUAREZ PIPELINE COMPANY,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

HI-BOL PIPELINE COMPANY,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

GOEBEL GATHERING COMPANY, L.L.C.,
as Grantor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

GAS SUPPLY, L.L.C., as Grantor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

BLACK MARLIN PIPELINE COMPANY,
as Grantor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

Each of the entities reflected on the following ten (10) pages is executing this Amendment as a Financial Institution party to the Amended and Restated Credit Agreement dated as of October 31, 2002 among the Company and the Financial Institutions named therein.

CITICORP USA, INC., as Agent and
Collateral Agent

By /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

BANKS AND ISSUING BANKS:

CITICORP N.A., AS ISSUING BANK

By /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Attorney-in-Fact

CITICORP USA, INC.

By /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ N. Bell
Name: N. Bell
Title: Senior Manager

BANK OF AMERICA N.A., as Issuing Bank and Bank

By: /s/ Claire Liu
Name: Claire Liu
Title: Managing Director

JP MORGAN CHASE BANK

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By /s/ Jill Hall
Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ O. Audermard
Name: O. Audermard
Title: Senior Vice President

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J.E. Feeley
Name: Carol J.E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.,

By: /s/ Francis Chang
Name: Francis Chang
Title: Authorized Signatory

Each of the entities reflected on the following pages is executing this Amendment as a Financial Institution party to the First Amended and Restated Credit Agreement, dated of October 31, 2002, among the Company, Northwest Pipeline Corporation, Transcontinental Gas Pipeline Corporation, Texas Gas Transmission and the Financial Institutions named therein:

AGENT:

CITICORP USA, INC., as Agent

By /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK), as
Co-Syndication Agent

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG,
as Co-Syndication Agent

By /s/ Harry Yergey
Name: Harry Yergey
Title: Senior Vice Pres. and Manager

By /s/ Brian Campbell
Name: Brian Campbell
Title: Senior Vice President

CREDIT LYONNAIS NEW YORK BRANCH
as Documentation Agent

By /s/ O. Audemard
Name: O. Audemard
Title: Senior Vice President

BANKS:
CITICORP USA, INC.

By /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CITICORP N.A., as Collateral Trustee

By /s/ Camille Tamao
Name: Camille Tamao
Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Claire Liu
Name: Claire Liu
Title: Managing Director

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By /s/ Jeanie C. Gonzalez
Name: Jeanie C. Gonzalez
Title: Director

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK)

By /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN
BRANCHES

By /s/ Brian J. Campbell
Name: Brian J. Campbell
Title: Senior Vice President

By /s/ W. David Suttles
Name: W. David Suttles
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ O. Audermard
Name: O. Audermard
Title: Senior Vice President

NATIONAL WESTMINSTER, PLC

By: /s/ Charles Greer
Name: Charles Greer
Title: Senior Vice President

ABN AMRO BANK, N.V.

By /s/ Frank R. Russo, Jr.
Name: Frank R. Russo, Jr.
Title: Group Vice President

By /s/ Jeffrey G. White
Name: Jeffrey G. White
Title: Vice President

BANK OF MONTREAL

By /s/ Mary Lee Latta
Name: Mary Lee Latta
Title: Director

THE BANK OF NEW YORK

By /s/ Raymond J. Palmer
Name: Raymond J. Palmer
Title: Vice President

BARCLAYS BANK PLC

By /s/ Nicholas A. Bell
Name: Nicholas A. Bell
Title: Director, Loan Transaction Management

CIBC INC.

By /s/ George Knight
Name: George Knight
Title: Managing Director
CIBC World Markets Corp. As Agent

CREDIT SUISSE FIRST BOSTON

By /s/ James P. Moran
Name: James P. Moran
Title: Director

By /s/ Ian W. Nalitt
Name: Ian W. Nalitt
Title: Associate

ROYAL BANK OF CANADA

By /s/ Peter Barnes
Name: Peter Barnes
Title: Senior Manager

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

By /s/ Kelton Glasscock
Name: Kelton Glasscock
Title: Vice President and Manager

By /s/ Jay Fort
Name: Jay Fort
Title: Vice President

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By /s/ Matthew W. Speh
Name: Matthew W. Speh
Title: Authorized Officer

SOCIETE GENERALE, SOUTHWEST AGENCY

By /s/ J. Douglas McMurrey, Jr.
Name: J. Douglas McMurrey, Jr.
Title: Managing Director

TORONTO DOMINION (TEXAS), INC.

By /s/ Jill Hall
Name: Jill Hall
Title: Vice President

UBS AG, STAMFORD BRANCH

By: /s/ Kelly Smith
Name: Kelly Smith
Title: Director

By: /s/ Robert Reuter
Name: Robert Reuter
Title: Executive Director

WELLS FARGO BANK TEXAS, N.A.

By /s/ J. Alan Alexander
Name: J. Alan Alexander
Title: Vice President

WESTLB AG, NEW YORK BRANCH

By: /s/ Salvatore Battinelli
Name: Salvatore Battinelli
Title: Managing Director
Credit Department

By /s/ Duncan M. Robertson
Name: Duncan M. Robertson
Title: Director

CREDIT AGRICOLE INDOSUEZ

By /s/ Larry Materi
Name: Larry Materi
Title: Vice President

By /s/ Paul A. Dytrych
Name: Paul A. Dytrych
Title: Vice President
Senior Relationship Manager

SUNTRUST BANK

By /s/ Steven J. Newby
Name: Steven J. Newby
Title: Director

ARAB BANKING CORPORATION (B.S.C.)

By /s/ Robert J. Ivosevich
Name: Robert J. Ivosevich
Title: Deputy General Manager

By /s/ Barbara C. Sanderson
Name: Barbara C. Sanderson
Title: VP Head of Credit

BNP PARIBAS, HOUSTON AGENCY

By /s/ Larry Robinson
Name: Larry Robinson
Title: Vice President

By /s/ Mark A. Cox
Name: Mark A. Cox
Title: Director

DZ BANK AG DEUTSCHE
ZENTRALGENOSSENSCHAFTSBANK, NEW YORK
BRANCH

By /s/ Mark K. Connelly
Name: Mark K. Connelly
Title: Vice President

By /s/ Richard W. Wilbert
Name: Richard W. Wilbert
Title: Vice President

KBC BANK N.V.

By: /s/ Michael V. Curran
Name: Michael V. Curran
Title: First Vice President

By: /s/ Diane M. Grimmig
Name: Diane M. Grimmig
Title: First Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ David E. Humphreys
Name: David E. Humphreys
Title: Vice President

MIZUHO CORPORATE BANK, LTD

By /s/ Jacques Azagury
Name: Jacques Azagury
Title: Senior Vice President and Manager

SUMITOMO MITSUI BANKING CORPORATION

By /s/ Leo E. Pagarigan
Name: Leo E. Pagarigan
Title: Senior Vice President

COMMERCE BANK, N.A.

By /s/ Dennis R. Block
Name: Dennis R. Block
Title: Senior Vice President

SCHEDULE I
TO
SECURITY AGREEMENT
STATE OF ORGANIZATION AND ADDRESSES OF GRANTORS

Entity	Principal Address	State of Incorporation
Black Marlin Pipeline Company	One Williams Center, Tulsa, OK 74172	TX
Gas Supply, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
Goebel Gathering Company, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
HI-BOL Pipeline Company	One Williams Center, Tulsa, OK 74172	DE
Juarez Pipeline Company	One Williams Center, Tulsa, OK 74172	DE
Longhorn Enterprises of Texas, Inc.	One Williams Center, Tulsa, OK 74172	DE
MAPCO Inc.	One Williams Center, Tulsa, OK 74172	DE
MAPL Investments, Inc.	One Williams Center, Tulsa, OK 74172	DE
Memphis Generation, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
North Padre Island Spindown, Inc.	One Williams Center, Tulsa, OK 74172	DE
The Williams Companies, Inc.	One Williams Center, Tulsa, OK 74172	DE
WFS Enterprises, Inc.	One Williams Center, Tulsa, OK 74172	DE
WFS Gathering Company, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
WFS-Liquids Company	One Williams Center, Tulsa, OK 74172	DE
WFS-NGL Pipeline Company, Inc.	One Williams Center, Tulsa, OK 74172	DE
WFS-OCS Gathering Co.	One Williams Center, Tulsa, OK 74172	DE

Entity	Principal Address	State of Incorporation
WFS-Offshore Gathering Company	One Williams Center, Tulsa, OK 74172	DE
WFS - Pipeline Company	One Williams Center, Tulsa, OK 74172	DE
Williams Alaska Air Cargo Properties, L.L.C.	One Williams Center, Tulsa, OK 74172	AK
Williams Alaska Petroleum, Inc.	One Williams Center, Tulsa, OK 74172	AK
Williams Alaska Pipeline Company, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
Williams Bio-Energy, LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Energy Services, LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Ethanol Services, Inc.	1300 South Second Street, Pekin, IL 61554	DE
Williams Express, Inc. (AK)	One Williams Center, Tulsa, OK 74172	AK
Williams Express, Inc. (DE)	One Williams Center, Tulsa, OK 74172	DE
Williams Field Services Company	P.O. Box 3102, Tulsa, OK 74101	DE
Williams Field Services Group, Inc.	P.O. Box 3102, Tulsa, OK 74101	DE
Williams Field Services-Matagorda Offshore Company, LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Gas Processing Company	P.O. Box 3102 Tulsa, OK 74101	DE
Williams Gas Processing - Mid Continent Region Company	One Williams Center, Tulsa, OK 74172	DE

Entity	Principal Address	State of Incorporation
Williams Gas Processing -Wamsutter Company	One Williams Center, Tulsa, OK 74172	DE
Williams Generating Memphis, LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Generation Company - Hazleton	One Williams Center, Tulsa, OK 74172	DE
Williams GP LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Gulf Coast Gathering Company, LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Memphis Terminal, Inc.	One Williams Center, Tulsa, OK 74172	DE
Williams Merchant Services Company, Inc	One Williams Center, Tulsa, OK 74172	DE
Williams Mid-South Pipelines, LLC	One Williams Center, Tulsa, OK 74172	DE
Williams Midstream Natural Gas Liquids, Inc.	One Williams Center, Tulsa, OK 74172	DE
Williams Natural Gas Liquids, Inc.	One Williams Center, Tulsa, OK 74172	DE
Williams Olefins Feedstock Pipelines, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
Williams Olefins, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
Williams Petroleum Pipeline Systems, Inc.	One Williams Center, Tulsa, OK 74172	DE
Williams Petroleum Services, LLC	One Williams Center, Tulsa, OK 74172	DE

Entity	Principal Address	State of Incorporation
Williams Refining & Marketing, L.L.C.	One Williams Center, Tulsa, OK 74172	DE
Worthington Generation, L.L.C.	One Williams Center, Tulsa, OK 74172	DE

SCHEDULE II
TO
SECURITY AGREEMENT

REQUIRED FINANCING STATEMENT FILINGS

	Entity	UCC Central Filing Offices of the Secretary of State for the Following States
1.	Black Marlin Pipeline Company	TX
2.	Gas Supply, L.L.C.	DE
3.	Goebel Gathering Company, L.L.C.	DE
4.	HI-BOL Pipeline Company	DE
5.	Juarez Pipeline Company	DE
6.	Longhorn Enterprises of Texas, Inc.	DE
7.	MAPCO Inc.	DE
8.	MAPL Investments, Inc.	DE
9.	Memphis Generation, L.L.C.	DE
10.	North Padre Island Spindown, Inc.	DE
11.	The Williams Companies, Inc.	DE
12.	WFS Enterprises, Inc.	DE
13.	WFS Gathering Company, L.L.C.	DE
14.	WFS-Liquids Company	DE
15.	WFS-NGL Pipeline Company, Inc.	DE

	Entity	UCC Central Filing Offices of the Secretary of State for the Following States
16.	WFS-OCS Gathering Co.	DE
17.	WFS-Offshore Gathering Company	DE
18.	WFS Pipeline Company	DE
19.	Williams Alaska Air Cargo Properties, L.L.C.	AK
20.	Williams Alaska Petroleum, Inc.	AK
21.	Williams Alaska Pipeline Company, L.L.C.	DE
22.	Williams Bio-Energy, LLC	DE
23.	Williams Energy Services, LLC	DE
24.	Williams Ethanol Services, Inc.	DE
25.	Williams Express, Inc. (AK)	AK
26.	Williams Express, Inc. (DE)	DE
27.	Williams Field Services Company	DE
28.	Williams Field Services Group, Inc.	DE
29.	Williams Field Services-Matagorda Offshore Company, LLC	DE
30.	Williams Gas Processing Company	DE
31.	Williams Gas Processing - Mid Continent Region Company	DE

	Entity	UCC Central Filing Offices of the Secretary of State for the Following States
32.	Williams Gas Processing -Wamsutter Company	DE
33.	Williams Generating Memphis, LLC	DE
34.	Williams Generation Company - Hazleton	DE
35.	Williams GP LLC	DE
36.	Williams Gulf Coast Gathering Company, LLC	DE
37.	Williams Memphis Terminal, Inc.	DE
38.	Williams Merchant Services Company, Inc	DE
39.	Williams Mid-South Pipelines, LLC	DE
40.	Williams Midstream Natural Gas Liquids, Inc.	DE
41.	Williams Natural Gas Liquids, Inc.	DE
42.	Williams Olefins Feedstock Pipelines, L.L.C.	DE
43.	Williams Olefins, L.L.C.	DE
44.	Williams Petroleum Pipeline Systems, Inc.	DE
45.	Williams Petroleum Services, LLC	DE
46.	Williams Refining & Marketing, L.L.C.	DE

	Entity	UCC Central Filing Offices of the Secretary of State for the Following States
47.	Worthington Generation, L.L.C.	DE

SCHEDULE IV
TO
SECURITY AGREEMENT

FORM OF JOINDER AGREEMENT

JOINDER AGREEMENT
(name of joining subsidiary)

[,]

[Joining Subsidiary], a [_________ corporation] (the "Subsidiary"), hereby agrees with (a) CITIBANK, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations, (b) THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "Company") and (c) the other parties to the Security Documents (as defined below), as follows:

All capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Credit Agreement, dated as of October 31, 2002, by and among The Williams Companies, Inc., the various lenders as are or may become parties thereto; the Issuing Banks, and Citicorp USA, Inc., as Agent and Collateral Agent (as further amended, modified, supplemented, renewed, extended or restated from time to time, the "Credit Agreement").

In accordance with the terms of the [Security Agreement, Pledge Agreement and Collateral Trust Agreement] (collectively, the "Security Documents"), the Subsidiary hereby (a) [joins the Security Agreement as a party thereto and assumes all the obligations of a Grantor (as defined in the Security Agreement) under the Security Agreement], (b) [joins the Pledge Agreement as a party thereto and assumes all the obligations of a Pledgor (as defined in the Pledge Agreement) under the Pledge Agreement], (c) [joins the Collateral Trust Agreement as a party thereto and assumes all the obligations of a Debtor (as defined in the Collateral Trust Agreement) under the Collateral Trust Agreement], (d) agrees to be bound by the provisions of the Security Documents as if the Subsidiary had been an original party to the Security Documents, and (e) confirms that, after joining the Security Documents as set forth above, the representations and warranties set forth in each of the Credit Documents with respect to the Subsidiary are true and correct in all material respects as of the date of this Joinder Agreement.

For purposes of notices under the Security Documents, the notice address for the Subsidiary may be given to the Subsidiary by providing notice addressed to [Subsidiary's Name] c/o The Williams Companies, Inc., in any manner that notice is permitted to be given to the Company pursuant to the terms of the Credit Agreement.

[Schedule I and Schedule II to the Security Agreement are hereby supplemented with the information set forth on Exhibit I to this Joinder Agreement.]

[Schedule I and Schedule II to the Pledge Agreement are hereby supplemented with the information regarding the Subsidiary set forth on Exhibit II to this Joinder Agreement.]

THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN WITNESS WHEREOF this Joinder Agreement is executed and delivered as of the ___ day of ____________, _____.

[Joining Subsidiary]

By:

Name:

Title:

EXHIBIT 10.5

EXECUTION COPY

FIRST AMENDMENT TO PLEDGE AGREEMENT

This First Amendment dated as of October 31, 2002 (this "Amendment") to the Pledge Agreement dated as of July 31, 2002 (as amended and modified from time to time, the "Pledge Agreement"), is among The Williams Companies, Inc., a Delaware corporation (the "Company"), and each of its Subsidiaries which is or which subsequently becomes a party to the Pledge Agreement (together, with the Company, the "Pledgors"), in favor of Citibank, N.A., as collateral trustee ("Collateral Trustee") for the benefit of the holders of the Secured Obligations. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Pledge Agreement.

WITNESSETH:

WHEREAS, the parties hereto have agreed to amend certain provisions of the Pledge Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Pledge Agreement is hereby amended as follows:

1. Amendments.

(a) Pursuant to the terms of those two certain Consent and Waivers each dated as of September 20, 2002, by and among the Company and the other signatories thereto, the Pledge Agreement was amended to (i) remove Williams Field Services - Gulf Coast Company, L.P. ("WFS") as an Obligor, (ii) acknowledge that the equity interests held by WFS Enterprises, Inc., and Williams Field Services Company in WFS were erroneously pledged, (iii) add Williams Gulf Coast Gathering Company, LLC ("Gathering") as an Obligor and (iv) add North Padre Island Spindown, Inc. as a Pledgor of its equity interest in Gathering. Pursuant to this Amendment, Williams GP LLC; Williams Petroleum Services, LLC; Longhorn Enterprises of Texas, Inc.; and WFS Gathering Company, L.L.C. are added as Pledgors, and the following additional parties are added as Obligors: WFS - Pipeline Company; WFS Gathering Company, L.L.C.; Williams Field Services - Matagorda Offshore Company, LLC; Williams Gas Processing - Mid Continent Region Company; WFS-OCS Gathering Co.; HI-BOL Pipeline Company; Goebel Gathering Company, L.L.C.; Williams Petroleum Services, LLC; Longhorn Enterprises of Texas, Inc.; and NewGP (as defined in the L/C Credit Agreement (hereafter defined)).

(b) Section 1(b) of the Pledge Agreement is hereby amended by deleting such Section and replacing it in its entirety with the following:

> (b) all shares of capital stock, general and limited partnership interests, limited liability company interests, trust interests, joint venture interests, ownership rights arising under the law of any jurisdiction, and any evidence of

the foregoing, together with any property and rights derivative thereof, acquired, received or owned by any Pledgor (other than those acquired, received or owned in anticipation of a divestiture permitted by Section 5.1(h) of the L/C Credit Agreement and Section 5.01(h) of the Multiyear Williams Credit Agreement), which, after the date of this Agreement, becomes, as a result of any occurrence, a Subsidiary of any Pledgor or of the Company and which Subsidiary is engaged in the Midstream Business or owns Midstream Assets;

(c) The definition of "Pledged Shares" set forth in Section 1 of the Pledge Agreement is hereby amended by deleting the word "shares" in the first line of such definition and inserting the following phrase before the words "described in Schedule I":

"shares of capital stock, general and limited partnership interests, limited liability company interests, trust interests, joint venture interests, ownership rights arising under the law of any jurisdiction and any evidence of the foregoing, together with any property and rights derivative thereof, all of the foregoing as".

(d) The following sentence shall be added to the end of Section 1 of the Pledge Agreement:

"Notwithstanding the grant of a security interest set forth above in this Section 1, Excluded Equity Interests (as defined in the L/C Credit Agreement and the Multiyear Williams Credit Agreement) shall not constitute Pledged Collateral under this Agreement."

(e) Section 4(k) and (l) of the Pledge Agreement are hereby amended by deleting such Sections and replacing them in their entirety with the following:

(k) Such Pledgor will (i) cause each issuer of shares of stock comprising Pledged Collateral not to issue any stock or other securities in addition to or in substitution for the shares of stock comprising the Pledged Collateral issued by such issuer, except for stock and other securities issued to such Pledgor or another Pledgor and subject to this Agreement, (ii) pledge hereunder, promptly upon its acquisition (directly or indirectly) thereof, any and all additional shares of stock or other securities of each issuer of Pledged Collateral, and (iii) pledge hereunder, promptly upon its acquisition (directly or indirectly) thereof, any and all shares of stock or other equity interest covered by Section 1(b) hereof. Notwithstanding anything to the contrary in this Section 4(k), this section shall not restrict or limit in any way the ability of Williams Energy Partners L.P. or NewGP or their respective subsidiaries to issue stock or other equity interest.

(l) Each Pledgor agrees that it (i) shall not sell, assign, transfer, pledge, mortgage, hypothecate, dispose of or encumber, or grant any option or warrant or Lien or right with respect to, or permit any Liens to arise with respect to, the Pledged Collateral, any of its rights in or to the Pledged Collateral and any portion thereof, except for the pledge thereof provided for in this Agreement, and

(ii) except as permitted under Sections 5.1(d), 5.2(d) and 5.2(f) of the L/C Credit Agreement and Sections 5.01(d), 5.02(c) and 5.02(f) of the Multiyear Williams Credit Agreement, shall not permit any issuer of shares of stock comprising Pledged Collateral to terminate its corporate existence, to be a party to any merger or consolidation, or to sell, lease or dispose of all or substantially all of its assets and properties in a single transaction or series of related transactions.

(e) The following paragraph is hereby added to the end of Section 4 after the last lettered paragraph:

Notwithstanding anything to the contrary in Section 4 of this Pledge Agreement, (i) the Pledgors shall not be restricted from completing or permitting any dispositions that can be completed without violating any of the following provisions: Sections 5.2(e) and 5.2(f) of the L/C Credit Agreement, and Sections 5.02(f) and 5.02(l) of the Multiyear Williams Credit Agreement, and (ii) the existence of Permitted Liens (other than the Permitted Liens described in Schedule III Paragraphs y, gg, and jj from the L/C Credit Agreement and Schedule VI Paragraphs y, gg, and jj from the Multiyear Williams Credit Agreement) shall not be a violation of any representations, warranties or covenants set forth in Section 4 of this Pledge Agreement.

(f) The first phrase of Section 6(a) which currently reads as follows: "(a) So long as no default or event of default, however denominated, under any Credit Document (an "Event of Default") has occurred:" is hereby amended by deleting such phrase and replacing it in its entirety with the following:

(a) The Pledgors shall have the rights described in (i), (ii) and (iii) below until (x) a default or event of default, however denominated, under any Credit Document (an "Event of Default") has occurred, and (y) the notice requirement in Section 6(b) has been complied with.

(g) Paragraph (a) of Section 19 of the Pledge Agreement is hereby amended by deleting such paragraph and replacing it in its entirety with the following:

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York. All capitalized terms that are used but not defined herein shall have the meanings ascribed to such terms in that certain Amended and Restated Credit Agreement dated as of October 31, 2002 (as amended, modified, supplemented or restated from time to time, the "L/C Credit Agreement"), by and among the Company, Citicorp USA, Inc., as agent and collateral agent, Bank of America N. A. as syndication agent, Citibank, N.A., The Bank of Nova Scotia and Bank of America N.A. as issuing banks, Salomon Smith Barney Inc. as Arranger, and the banks named therein; provided, however that any subsequent modification of a definition made pursuant to an amendment, modification, supplement or

restatement of the L/C Credit Agreement shall not apply to this Agreement unless a conforming modification of such definition is simultaneously made pursuant to an amendment, modification, supplement or restatement of the Multiyear Williams Credit Agreement. Unless otherwise defined herein or in the L/C Credit Agreement, the terms defined in Articles 8 and 9 of the New York UCC are used herein as therein defined.

(h) Section 24 of the Pledge Agreement is hereby amended by deleting such Section and replacing it in its entirety with the following:

24. Incorporated Definitions and Provisions. All defined terms and other provisions (including, without limitation, the amendment provisions), that are incorporated into this Pledge Agreement by reference to other agreements or statutes shall incorporate into this Pledge Agreement the provisions of such other agreements and statutes that exist as of the date hereof; however, such provisions shall be automatically modified herein by any amendment or modification that takes place after the date hereof in such other referenced agreements or statutes; subject to the following limitations: (a) no such amendment or modification (of an above referenced agreement) shall be effective with respect to this Pledge Agreement until Collateral Trustee shall have received a copy of such amendment or modification and (b) no provision of any such amendment or modification of an above referenced agreement that imposes any additional liability, obligation or adverse effect on the Collateral Trustee shall be effective with respect to this Pledge Agreement unless the Collateral Trustee has executed a written consent to such provision or to the amendment or modification in which such provision is set forth.

(i) The following Section 25 is hereby added to the Pledge Agreement:

25. Joinder. Pursuant to the terms of the Credit Documents certain Subsidiaries (hereafter referred to as the "Joining Subsidiaries") may desire to or be required to join this Pledge Agreement as Pledgors or Obligors. In connection with any such joinder the Joining Subsidiary shall cause to be executed and delivered (a) a joinder agreement substantially in the form of the joinder agreement attached hereto as Schedule VI and (b) authorization documentation, corporate documentation, perfection documentation and opinion letters reasonably satisfactory to the Collateral Trustee reflecting the status of such Joining Subsidiary and the enforceability of such agreements with respect to such Joining Subsidiary; provided, however, that the Collateral Trustee shall have no obligations with respect to the additional Pledged Collateral that results from the addition of a Joining Subsidiary as a Pledgor or Obligor pursuant to this Pledge Agreement prior to the delivery of such additional Pledged Collateral, and Collateral Trustee shall have no duty to solicit the delivery of any Pledged Collateral from any Pledgor.

(j) Schedule I to Pledge Agreement is hereby amended and restated in its entirety and replaced with Schedule I attached hereto.

(k) Schedule II to Pledge Agreement is hereby amended and restated in its entirety and replaced with Schedule II attached hereto.

(l) A new Schedule VI to the Pledge Agreement is hereby added which is the document attached as Schedule VI hereto.

2. Acknowledgement. Williams Alaska Air Cargo Properties, L.L.C. hereby acknowledges that it is a Pledgor and original signatory to the Pledge Agreement effective as of July 31, 2002.

3. Conditions to Effectiveness. This Amendment shall be deemed effective (the "Effective Date") upon the satisfaction of the conditions precedent as set out in Section 3.1 of that certain Amended and Restated Credit Agreement dated as of October 31, 2002, among the Company and the Financial Institutions named therein, without giving effect to the terms of Section 3.3; provided, however, that the Collateral Trustee shall have no obligations with respect to the additional Pledged Collateral that results from the addition of Pledgors or Obligors as parties to the Pledge Agreement pursuant to this Amendment prior to the delivery of such additional Pledged Collateral, and the Collateral Trustee shall have no duty to solicit the delivery of any Pledged Collateral from any Pledgor or Obligor. Notwithstanding anything to the contrary herein, any provision or portion of a provision in this Amendment that is or is determined to be a release of Pledged Collateral shall not be effective to release such Pledged Collateral until the Collateral Trustee has received satisfactory documentation that such release of Pledged Collateral is permitted by or has been properly approved in accordance with the terms of the Collateral Trust Agreement.

2. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

3. Reference to and Effect on the Pledge Agreement. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver to, or modification of any other term or condition in the Pledge Agreement or any of the documents referred to therein. Except as expressly amended and consented hereby, the terms and conditions of the Pledge Agreement shall continue in full force and effect, and as amended hereby, the Pledge Agreement is ratified and confirmed in all respects. On and after the Effective Date, the Pledge Agreement shall be deemed to mean the Pledge Agreement as amended hereby and all references to the Pledge Agreement shall be deemed to refer to the Pledge Agreement as amended hereby.

4. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Schedule I:	Schedule I to Pledge Agreement
Schedule II:	Schedule II to Pledge Agreement
Schedule VI:	Form of Joinder Agreement

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amendment to be signed in their respective names.

THE WILLIAMS COMPANIES, INC.,
as Pledgor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

WILLIAMS REFINING & MARKETING, L.L.C.,
as Pledgor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS PETROLEUM SERVICES, LLC,
as Pledgor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS PETROLEUM PIPELINE SYSTEMS,
INC., as Pledgor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS OLEFINS, L.L.C., as Pledgor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS NATURAL GAS LIQUIDS, INC..
as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MIDSTREAM NATURAL GAS LIQUIDS,
INC., as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MERCHANT SERVICES COMPANY,
INC., as Pledgor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS GP, LLC, as Pledgor

By: /s/ Don R. Wellendorf

Name: Don R. Wellendorf
Title: President and Chief
Executive Officer

WILLIAMS FIELD SERVICES GROUP, INC.,
as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS EXPRESS, INC. (a Delaware corporation),
as Pledgor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ENERGY SERVICES, LLC,
as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS ENERGY MARKETING & TRADING
COMPANY, as Pledgor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS BIO-ENERGY, L.L.C.,
as Pledgor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS ALASKA PETROLEUM, INC.,
as Pledgor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ALASKA AIR CARGO PROPERTIES,
L.L.C., as Pledgor

By: WILLIAMS ALASKA PETROLEUM, INC.
its sole member

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WFS-NGL PIPELINE COMPANY, INC.,
as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-LIQUIDS COMPANY, as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS GATHERING COMPANY, L.L.C.,
as Pledgor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

NORTH PADRE ISLAND SPINDOWN, INC.,
as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MAPCO INC. , as Pledgor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

LONGHORN ENTERPRISES OF TEXAS, INC.,
as Pledgor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

JUAREZ PIPELINE COMPANY,
AS PLEDGOR

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS ENERGY SERVICES, LLC,
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

HI-BOL PIPELINE COMPANY, as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

GOEBEL GATHERING COMPANY, L.L.C.,
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

GAS SUPPLY, L.L.C., as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

BLACK MARLIN PIPELINE COMPANY.
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MAPCO INC. , as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

LONGHORN ENTERPRISES OF TEXAS, INC.,
as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

JUAREZ PIPELINE COMPANY,
AS OBLIGOR

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MEMPHIS GENERATION, L.L.C., as Obligor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

MAPL INVESTMENTS, INC. as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

NORTH PADRE ISLAND SPINDOWN, INC.,
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS ENTERPRISES, INC., as Obligor

By: /s/ Mary Jane Bittick

Name: Mary Jane Bittick
Title: Treasurer

WFS - PIPELINE COMPANY, as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS - OCS GATHERING CO., as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-NGL PIPELINE COMPANY, INC.,
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-LIQUIDS COMPANY, as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS GATHERING COMPANY, L.L.C.,
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WFS-OFFSHORE GATHERING COMPANY, as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS ALASKA PETROLEUM, INC.,
as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ALASKA AIR CARGO PROPERTIES,
L.L.C., as Obligor

By: WILLIAMS ALASKA PETROLEUM, INC.
its sole member

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS FIELD SERVICES - MATAGORDA
OFFSHORE COMPANY, LLC, as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GULF COAST GATHERING COMPANY,
LLC, as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS MID-SOUTH PIPELINES, LLC,
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WORTHINGTON GENERATION, L.L.C.,
as Obligor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS ALASKA PIPELINE COMPANY,
L.L.C., as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS BIO-ENERGY, L.L.C.,
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS ETHANOL SERVICES, INC.,
as Obligor

By: /s/ Paul W. Nelson

Name: Paul W. Nelson
Title: Treasurer

WILLIAMS EXPRESS INC. (an Alaska corporation),
as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS EXPRESS, INC. (a Delaware corporation),
as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS FIELD SERVICES COMPANY,
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES GROUP, INC.,
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING - MID-CONTINENT
REGION COMPANY, as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING - WAMSUTTER
COMPANY, as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING COMPANY,
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GENERATING MEMPHIS, LLC.
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GP, LLC, as Obligor

By: /s/ Don R. Wellendorf

Name: Don R. Wellendorf
Title: President and Chief
Executive Officer

WILLIAMS MEMPHIS TERMINAL, INC.,
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS MERCHANT SERVICES COMPANY,
INC., as Obligor

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS MIDSTREAM NATURAL GAS LIQUIDS,
INC., as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS NATURAL GAS LIQUIDS, INC..
as Obligor

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS OLEFINS FEEDSTOCK PIPELINES,
L.L.C., as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS OLEFINS, L.L.C., as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS PETROLEUM PIPELINE SYSTEMS,
INC., as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS PETROLEUM SERVICES, LLC,
as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS PRODUCTION COMPANY, L.L.C.,
as Obligor

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS REFINING & MARKETING, L.L.C.,
as Obligor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WEG GP LLC, as Obligor

By: /s/ Michael N. Mears

Name: Michael N. Mears
Title: Vice President

CITIBANK, N.A., as Collateral Trustee

By: /s/ Camille Tomao

Name: Todd J. Mogil

Title: Vice President

AGENT AND COLLATERAL AGENT

CITICORP USA, INC., as Agent and Collateral Agent

By /s/ Todd J. Mogil

Name: Todd J. Mogil

Title: Vice President

BANKS AND ISSUING BANKS:

CITIBANK N.A., as Issuing Bank

By /s/ Todd J. Mogil

Name: Todd J. Mogil

Title: Vice President

CITICORP USA, INC.

By /s/ Todd J. Mogil

Name: Todd J. Mogil

Title: Vice President

THE BANK OF NOVA SCOTIA, as Canadian
Issuing Bank and Bank

By:

Name:

Title:

BANK OF AMERICA N.A., as Issuing Bank and Bank

By: /s/ Claire Liu
Name: Claire Liu
Title: Managing Director

JP MORGAN CHASE BANK

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall
Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard
Name: Olivier Audemard
Title: Senior Vice President

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J.E. Feeley
Name: Carol J.E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Francis Chang
Name: Francis Chang
Title: Authorized Signatory

Each of the entities reflected on the following pages is executing this Amendment as a Financial Institution party to the First Amended and Restated Credit Agreement, doted as of October 31, 2002, among the Company, Northwest Pipeline Corporation, Transcontinental Gas Pipeline Corporation, Texas Gas Transmission and the Financial Institutions named therein:

AGENT:

CITICORP, USA, INC., as Agent

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK), as Co-Syndication Agent

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG,
as Co-Syndication Agent

By: /s/ Harry Yergey
Name: Harry Yergey
Title: Senior Vice Pres. and Manager

By: /s/ Brian Campbell
Name: Brian Campbell
Title: Senior Vice President

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH

as Documentation Agent

By: /s/ Olivier Audemard
Name: Olivier Audemard
Title: Senior Vice President

BANKS:

CITIBANK, USA, INC.

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ N. Bell
Name: N. Bell
Title: Senior Manager

BANK OF AMERICA, N.A.

By: /s/ Claire M. Liu
Name: Claire M. Kiu
Title: Vice President

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By: /s/ Jeanie C. Gonzalez
Name: Jeanie C. Gozalez
Title: Director

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK)

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN BRANCHES

By: /s/ Brian J. Campbell
Name: Brian J. Campbell
Title: Senior Vice President

By: /s/ W. David Suttles
Name: W. David Suttles
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audermard
Name: Olivier Audermard
Title: Senior V.P.

NATIONAL WESTMINSTER BANK PLC NEW YORK BRANCH

By: /s/ Charles Greer
Name: Charles Greer
Title: Senior Vice President

ABN AMRO BANK, N.V.

By: /s/ Frank R. Russo, Jr.
Name: Frank R. Russo, Jr.
Title: Group Vice President

By: /s/ Jeffrey G. White
Name: Jeffrey G. White
Title: Vice President

BANK OF MONTREAL

By: /s/ Mary Lee Latta
Name: Mary Lee Latta
Title: Director
Bank of Montreal

THE BANK OF NEW YORK

By: /s/ Raymond J. Palmer
Name: Raymond J. Palmer
Title: Vice President

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell
Name: Nicholas A. Bell
Title: Director
Loan Transaction Management

CIBC INC.

By: /s/ George Knight
Name: George Knight
Title: Managing Director
CIBC World Markets Corp., As Agent

CREDIT SUISSE FIRST BOSTON

By: /s/ James P. Moran /s/ Ian W. Nalitt
Name: James P. Moran Ian W. Nalitt
Title: Director Associate

ROYAL BANK OF CANADA

By: /s/ Peter Barnes
Name: Peter Barnes
Title: Senior Manager

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

By: /s/ Kelton Glassock
Name: Kelton Glassock
Title: Vice President and Manager

By: /s/ Jay Fort
Name: Jay Fort
Title: Vice President

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: /s/ Matthew W. Speh
Name: Matthew W. Speh
Title: Authorized Officer

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ J. Douglas McMurrey, Jr.
Name: J. Douglas McMurrey, Jr.
Title: Managing Director

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall
Name: Jill Hall
Title: Vice President

UBS AG, STAMFORD BRANCH

By: /s/ Kelly Smith
Name: Director
Title: Recovery Management

WELLS FARGO BANK TEXAS, N.A.

By: /s/ J. Alan Alexander
Name: J. Alan Alexander
Title: Vice President

WESTLB AG, NEW YORK BRANCH

By:	/s/ Salvatore Bettnell	Duncan M. Robertson
Name:	Salvatore Bettnell	Duncan M. Robertson
Title:	Managing Director Credit Department	Director

CREDIT AGRICOLE INDOSUEZ

By: /s/ Larry Materi
Name: Larry Materi
Title: Vice President

By: /s/ Paul A. Dytrych
Name: Paul A. Dytrych
Title: Vice President

SUNTRUST BANK

By: /s/ Steven J. Newby
Name: Steven J. Newby
Title: Director

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich
Name: Robert J. Ivosevich
Title: Deputy General Manager

By: /s/ Barbara O. Sanderson
Name: Barbara O. Sanderson
Title: VP Head of Credit

BANK OF CHINA, NEW YORK BRANCH

By:
Name:
Title:

BANK OF OKLAHOMA, N.A.

By:
Name:
Title:

BNP PARIBAS, HOUSTON AGENCY

By: /s/ Larry Robinson
Name: Larry Robinson
Title: Vice President

By: /s/ Mark A. Cox
Name: Mark A. Cox
Title: Director

DZ BANK AG DEUTSCHE ZENTRALGENOSSENSCHAFTSBANK,
NEW YORK BRANCH

By: /s/ Mark Connelly
Name: Mark Connelly
Title: Senior V.P.

By: /s/ Richard W. Wilbert
Name: Richard W. Wilbert
Title: Vice President

KBC BANK N.V.

By: /s/ Michael V. Curran
Name: Robert Snauffer
Title: First Vice President

By: /s/ Diane M. Grimmig
Name: Diane M. Grimmig
Title: Vice President

WACHOVIA BANK, N.A.

By: /s/ David E. Humphreys
Name: David E. Humphreys
Title: Vice President

MIZUHO CORPORATE BANK, LTD

By: /s/ Jacques Azagury
Name: Jacques Azagury
Title: Senior Vice President and Manager

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Leo E. Pagarigan
Name: Leo E. Pagarigan
Title: Senior Vice President

COMMERCE BANK, N.A.

By: /s/ Dennis R. Block
Name: Dennis R. Block
Title: Senior Vice President

ROYAL BANK OF SCOTLAND

By:
Name:
Title:

RZB FINANCE, LLC

By:
Name:
Title:

SCHEDULE I
TO PLEDGE AGREEMENT

SCHEDULE OF PLEDGED SHARES

PLEDGOR	PLEDGED SUBSIDIARY	STATE OF ORGANIZATION (PLEDGED SUBSIDIARY)	CLASS OF STOCK	STOCK CERTIFI-CATE NO.	PAR VALUE	NUMBER OF SHARES/ UNITS SHARES UNITS	PERCENT OF TOTAL EQUITY INTERESTS OWNED BY PLEDGOR*
The Williams Companies, Inc.	Williams Energy Services, LLC	DE	N/A	N/A	N/A	N/A	100%
	Williams Natural Gas Liquids, Inc.	DE	Common	1	100	10	100%
	Williams Midstream Natural Gas Liquids, Inc.	DE	Common	2	1.00	1,000	100%
	Williams Express, Inc.	DE	Common	1	1.00	1,000	100%
Williams Energy Services, LLC	Williams Field Services Group, Inc.	DE	Common	5	1.00	1,000	100%
	Williams Alaska Pipeline Company, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
	Williams Bio-Energy, LLC	DE	N/A	N/A	N/A	N/A	100%
	Williams Merchant Services Company, Inc.	DE	Common	3	1.00	1,000	100%
	MAPCO Inc.	DE	Common	1	10.00	100	100%

	Williams Production Company, LLC	DE	N/A	N/A	N/A	N/A	100%
	Williams GP LLC	DE	N/A	N/A	N/A	N/A	99.8%
	NewGP***						99.8%
	Williams Energy Partners L.P. Common Subordinated	DE	Units	N/A	N/A	 757,193 4,589,193	 5.5% 80.8%
	Longhorn Enterprises of Texas, Inc.	DE	Common	3	$1.00	1,000	100%
	Williams Petroleum Services, LLC	DE	N/A	N/A	N/A	N/A	100%
Williams Field Services Group, Inc.	Black Marlin Pipeline Company	TX	Common	16	0.10	44,800	100%
	WFS Enterprises, Inc.	DE	Common	1	0.00	100	100%
	WFS-Liquids Company	DE	Common	12	1.00	100	100%
	Williams Field Services Company	DE	Common	4	1.00	1,000	100%
	Williams Gas Processing Company	DE	Common	2	1.00	1,000	100%
	Williams Gas Processing - Wamsutter Company	DE	Common	5	1.00	1,000	100%

	Williams Gas Processing - Mid Continent Region Company	DE	Common	5	1.00	1,000	100%
	North Padre Island Spindown, Inc.	DE	Common	1	1.00	1,000	100%
	WFS Gathering Company, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
	Williams Field Services-Matagorda Offshore Company, LLC	DE	N/A	N/A	N/A	N/A	100%
	WFS-OCS Gathering Co.	DE	Common	2	1.00	1,000	100%
Williams Merchant Services Company, Inc.	Williams Energy Marketing & Trading Company	DE	Common	7	1.00	1,000	100%
Williams Energy Marketing & Trading Company	Worthington Generation, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
	Memphis Generation, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
MAPCO Inc.	Gas Supply, L.L.C.	DE	N/A	N/A	N/A	N/A	100%

Williams Natural Gas Liquids, Inc.	Juarez Pipeline Company	DE	Common	2	1.00	1,000	100%
	MAPL Investments, Inc.	DE	Common	2	1.00	1,000	100%
	WFS-NGL Pipeline Company, Inc.	DE	Common	3	1.00	1,000	100%
	Williams GP LLC	DE	N/A	N /A	N/A	N/A	0.2%
	NewGP***						0.2%
	Williams Energy Partners L.P. Common Subordinated	DE	Units	N/A	N/A	322,501 1,090,501	2.3% 19.2%
	E-Birchtree, LLC**	DE	A Units	1	N/A	100	90%
WFS-NGL Pipeline Company, Inc.	WILPRISE Pipeline Company, L.L.C.**	DE	N/A	N/A	N/A	N/A	37.35%
	Tri-States NGL Pipeline, L.L.C.**	DE	N/A	N/A	N/A	N/A	16.67%
Juarez Pipeline Company	Rio Grande Pipeline Company**	TX	N/A	N/A	N/A	N/A	45%
Williams Midstream Natural Gas Liquids, Inc.	Baton Rouge Fractionators, L.L.C.**	DE	N/A	N/A	N/A	N/A	27.5%
Williams Express, Inc., a Delaware corporation	Williams Express, Inc.	AK	Common	1	1.00	1,000	100%

	Williams Refining & Marketing, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
	Williams Alaska Petroleum, Inc.	AK	Common	1	1.00	1,000	100%
Williams Alaska Petroleum, Inc.	Williams Alaska Air Cargo Properties, L.L.C.	AK	N/A	N/A	N/A	N/A	100%
Williams Olefins, L.L.C.	Williams Olefins Feedstock Pipelines, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
Williams Refining & Marketing, L.L.C.	Williams Olefins, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
	Williams Generating Memphis, LLC	DE	N/A	N/A	N/A	N/A	100%
	Williams Memphis Terminal, Inc.	DE	Common	3	1.00	1,000	100%
	Williams Petroleum Pipeline Systems, Inc.	DE	Common	4	1.00	1,000	100%
Williams Bio-Energy, LLC	Williams Ethanol Services, Inc.	DE	Common	2	1.00	1,000	100%
	Nebraska Energy, L.L.C.**	KS	N/A	N/A	N/A	N/A	74.9%

WFS Gathering Company, L.L.C.	Goebel Gathering Company, L.L.C.	DE	N/A	N/A	N/A	N/A	100%
WFS -Liquids Company	WFS-Offshore Gathering Company	DE	Common	5	0.00	100	100%
	WFS - Pipeline Company	DE	Common	3	0.00	100	100%
	HI-BOL Pipeline Company	DE	Common	2	0.00	100	100%
Williams Petroleum Pipeline Systems, Inc.	Williams Mid-South Pipelines, LLC	DE	N/A	N/A	N/A	N/A	100%
North Padre Island Spindown, Inc.	Williams Gulf Coast Gathering Company, LLC	DE	N/A	N/A	N/A	N/A	100%
Williams GP LLC	Williams Energy Partners L.P. "B Units"	DE	Units	N/A	N/A	7,830,924	100%
Williams Alaska Air Cargo Properties, LLC	Williams Lynxs Alaska Cargoport, LLC**	AK	N/A	N/A	N/A	N/A	50%
Longhorn Enterprises of Texas, Inc.	Longhorn Partners Pipeline, L.P.**	DE	N/A	N/A	N/A	N/A	31.49%

Williams Petroleum Services, LLC	Longhorn Partners GP, L.L.C.**	DE	N/A	N/A	N/A	N/A	31.49%
	Wiljet, L.L.C.**	AZ	N/A	N/A	N/A	N/A	50%

* Each Pledgor is pledging all of the equity interests it owns or hereafter acquires in each of its pledged Subsidiaries (except that Williams GP LLC is not pledging the general partnership interests and incentive distribution rights it owns in Williams Energy Partners L.P.). This column indicates the percent of total equity interests in the pledged Subsidiary owned by this Pledgor as of the date of this Agreement.

** Pledgor's pledge of the equity interests in this Subsidiary shall not be effective until Pledgor has obtained all necessary consents in connection with such pledge, as more fully described on Schedule XII of the L/C Credit Agreement.

*** Such Pledgor's pledge of the equity interests in NewGP shall not be effective until the occurrence of the formation of NewGP. Company covenants to cause the formation of NewGP promptly following the execution of the Amendment.

SCHEDULE II
TO PLEDGE AGREEMENT

UCC FILING OFFICES

	Entity	UCC Central Filing Offices of the Secretary of State for the Following States
A.	Juarez Pipeline Company	DE
B.	Longhorn Enterprises of Texas, Inc.	DE
C.	MAPCO Inc.	DE
D.	North Padre Island Spindown, Inc.	DE
E.	The Williams Companies, Inc.	DE
F.	WFS Gathering Company, L.L.C.	DE
G.	WFS - Liquids Company	DE
H.	WFS - NGL Pipeline Company, Inc.	DE
I.	Williams Alaska Air Cargo Properties, LLC	AK
J.	Williams Alaska Petroleum, Inc.	AK
K.	Williams Bio-Energy, LLC	DE
L.	Williams Energy Marketing & Trading Company	DE
M.	Williams Energy Services, LLC	DE
N.	Williams Express, Inc., a Delaware corporation	DE
O.	Williams Field Services Group, Inc.	DE
P.	Williams GP LLC	DE
Q.	Williams Merchant Services Company, Inc.	DE

	Entity	UCC Central Filing Offices of the Secretary of State for the Following States
R.	Williams Midstream Natural Gas Liquids, Inc.	DE
S.	Williams Natural Gas Liquids, Inc.	DE
T.	Williams Olefins, L.L.C.	DE
U.	Williams Petroleum Pipeline Systems, Inc.	DE
V.	Williams Petroleum Services, LLC	DE
W.	Williams Refining & Marketing, L.L.C.	DE

SCHEDULE VI
TO PLEDGE AGREEMENT

FORM OF JOINDER AGREEMENT

JOINDER AGREEMENT
(name of joining subsidiary)

[---------, -----]

[Joining Subsidiary], a [_________ corporation] (the "Subsidiary"), hereby agrees with (a) CITIBANK, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations, (b) THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "Company") and (c) the other parties to the Security Documents (as defined below), as follows:

All capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Credit Agreement, dated as of October 31, 2002, by and among The Williams Companies, Inc., the various lenders as are or may become parties thereto; the Issuing Banks, and Citicorp USA, Inc., as Agent and Collateral Agent (as further amended, modified, supplemented, renewed, extended or restated from time to time, the "Credit Agreement").

In accordance with the terms of the [Security Agreement, Pledge Agreement and Collateral Trust Agreement] (collectively, the "Security Documents"), the Subsidiary hereby (a) [joins the Security Agreement as a party thereto and assumes all the obligations of a Grantor (as defined in the Security Agreement) under the Security Agreement], (b) [joins the Pledge Agreement as a party thereto and assumes all the obligations of a Pledgor (as defined in the Pledge Agreement) under the Pledge Agreement], (c) [joins the Collateral Trust Agreement as a party thereto and assumes all the obligations of a Debtor (as defined in the Collateral Trust Agreement) under the Collateral Trust Agreement], (d) agrees to be bound by the provisions of the Security Documents as if the Subsidiary had been an original party to the Security Documents, and (e) confirms that, after joining the Security Documents as set forth above, the representations and warranties set forth in each of the Credit Documents with respect to the Subsidiary are true and correct in all material respects as of the date of this Joinder Agreement.

For purposes of notices under the Security Documents, the notice address for the Subsidiary may be given to the Subsidiary by providing notice addressed to [Subsidiary's Name] c/o The Williams Companies, Inc., in any manner that notice is permitted to be given to the Company pursuant to the terms of the Credit Agreement.

[Schedule I and Schedule II to the Security Agreement are hereby supplemented with the information set forth on Exhibit I to this Joinder Agreement.]

[Schedule I and Schedule II to the Pledge Agreement are hereby supplemented with the information regarding the Subsidiary set forth on Exhibit II to this Joinder Agreement.]

THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN WITNESS WHEREOF this Joinder Agreement is executed and delivered as of the ___ day of ____________,______.

[Joining Subsidiary]

By: ------------------------------

Name: ------------------------------

Title: -----------------------------

EXHIBIT 10.6

EXECUTION COPY

FIRST AMENDMENT TO GUARANTY BY WILLIAMS GAS PIPELINE COMPANY, LLC

This First Amendment dated as of October 31, 2002 (this "Amendment") to the Guaranty dated as of July 31, 2002 (as amended and modified from time to time, the "Guaranty"), is executed by Williams Gas Pipeline Company, LLC (the "Guarantor"), in favor of the Financial Institutions. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Guaranty.

WITNESSETH:

WHEREAS, the parties hereto have agreed to amend certain provisions of the Guaranty;

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Guaranty is hereby amended as follows:

1. Amendments.

(a) The second sentence of the first paragraph of the Guaranty is amended by deleting such paragraph and replacing it in its entirety with the following:

> "Capitalized terms used in this Guaranty but not defined herein shall have the meanings set forth for such terms in the Amended and Restated Credit Agreement dated as of October 31, 2002, executed by The Williams Companies, Inc., as borrower (the "Company"), Citicorp USA, Inc., as agent and collateral agent, Bank of America N.A. as syndication agent, Citibank, N.A., The Bank of Nova Scotia and Bank of America N.A. as issuing banks, Salomon Smith Barney Inc., as arranger, and the banks named therein (as the same may be modified, replaced, refinanced, amended or supplemented from time to time, the "New Credit Agreement").

(b) Paragraph "A" of the Introduction to the Guaranty is amended by deleting such paragraph and replacing it in its entirety with the following:

> "The Company and/or its Subsidiaries (i) have entered into certain financing transactions with, and (ii) prior to the date hereof, have caused certain existing letters of credit to be issued by, certain agents, lenders, financial institutions and other investors (such agents, lenders, financial institutions and investors, and, to the extent any such financing transaction consists of or includes a guaranty provided by the Company and/or its Subsidiaries, each of the beneficiaries of such guaranty (as set forth therein) and each of the entities more fully described on Schedule III

attached hereto (collectively, the "Financial Institutions"); provided, however, except as expressly noted on Schedule III, neither the Company nor any of its Subsidiaries shall be a deemed a "Financial Institution". Such financing transactions, including those entered into in connection with the New Credit Agreement and the existing letters of credit, are documented by certain credit, security, letter of credit and guaranty documents, all as more fully set forth on Schedule I attached hereto (collectively, as the same may be modified, replaced, refinanced, amended or supplemented from time to time, the "Credit Documents"). "Borrowers" as used herein shall mean the borrowers or guarantors under any one or more of the Credit Documents."

(c) Section 6(e) of the Guaranty is hereby amended by deleting such Section and replacing it in its entirety with the following:

"The Guarantor will not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt, except that Guarantor and its Subsidiaries may create, incur, assume and suffer to exist Debt: (i) which constitutes unsecured intercompany Indebtedness of the Guarantor or any of its Subsidiaries to the Company or to any Subsidiary of the Company, provided that such intercompany Indebtedness (x) was incurred or is incurred in the ordinary course of the business of the Guarantor or any Subsidiary and (y) is expressly subordinated to the Guaranteed Obligations (intercompany indebtedness that meets all of the requirements of this clause (i) is referred to in this Guaranty as "Acceptable Intercompany Indebtedness") or (ii) to the extent permitted by the Credit Documents (including, without limitation, Debt existing as of July 31, 2002, that is permitted pursuant to Section 5.2(p) of the New Credit Agreement or 5.02(p) of the Multiyear Williams Credit Agreement)."

(d) Section 6(f) of the Guaranty is hereby amended by deleting such Section and replacing it in its entirety with the following:

"The Guarantor will not create, incur, assume or suffer to exist any obligation or liability other than (i) Debt permitted under clause (i) of Section 6(e) above, (ii) this Guaranty, (iii) obligations or liabilities that are listed on Schedule II hereto, (iv) contractual obligations in the nature of indemnities or guaranties of performance entered into in the ordinary course of business in connection with the disposition of Subsidiaries or assets of Subsidiaries and (v) other obligations not exceeding $100,000 in the aggregate."

(e) Section 6(h) of the Guaranty is hereby amended by deleting such Section and replacing it in its entirety with the following:

"Except to the extent expressly permitted by the New Credit Agreement, the Guarantor will not sell, issue or otherwise dispose of, or create, assume, incur of 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 Equity Interests or any direct or indirect interest in any Equity Interests in any Important Subsidiary. As used herein "Important Subsidiary" means (i) any Subsidiary of the Guarantor with assets having a book value of $1,000,000,000 or more, other than Williams Gas Pipelines Central, Inc. (ii) any Subsidiary of the Guarantor, other than Williams Gas Pipelines Central, Inc., that itself (on an unconsolidated, stand alone basis) owns in excess of 5% of the book value of the Consolidated Assets of the Guarantor and its Consolidated Subsidiaries and (iii) each of TGPL, TGT, and NWP. "TGPL", "TGT", and "NWP" are used herein as defined in the Multiyear Williams Credit Agreement."

(f) Section 6(i) of the Guaranty is hereby amended by inserting the following phrase at the beginning such Section:

"Other than with respect to Acceptable Intercompany Indebtedness owing by the Borrower or by any Subsidiary of the Borrower to the Guarantor or any of its Subsidiaries,".

(g) Section 8.01 of the Guaranty is hereby amended and restated in its entirety and replaced with the following:

8.01. Amendments, Etc. Any amendment or waiver to this Guaranty shall be effective only if approved by Financial Institutions holding at least 51% of the principal amount of the Guaranteed Obligations at the time thereof and only in the specific instance and for the specific purpose for which given. Provided, however, that any amendment or waiver releasing the Guarantor from any liability hereunder shall require the unanimous consent of all Financial Institutions and be effective only in the specific instance and for the specific purpose for which given. No Financial Institution may be removed as a beneficiary of this Guaranty without such Financial Institution's prior written consent.

(h) Section 8.06 of the Guaranty is hereby amended and restated in its entirety and replaced with the following:

"Section 8.06 Incorporated Definitions and Provisions. All defined terms and other provisions that are incorporated into this Guaranty by reference to other agreements shall incorporate into this Guaranty the provisions of such other agreements that exist as of the date hereof; however, such provisions shall be automatically modified herein by any amendment or modification that takes place after the date hereof in such other referenced agreement(s)."

(i) Schedule I to the Guaranty is hereby amended and restated in its entirety with Schedule I attached hereto.

(j) A new Schedule II to the Guaranty and a new Schedule III to the Guaranty are hereby added which are the documents attached as Schedule II and Schedule III hereto.

2. Representations and Warranties. Guarantor hereby restates as of even date herewith all of the representations and warranties contained in Section 5 of the Guaranty.

3. Conditions to Effectiveness. This Amendment shall be deemed effective (the "Effective Date") upon the satisfaction of the conditions precedent as set out in Section 3.1 of that certain Amended and Restated Credit Agreement, dated as of October 31, 2002, among Company and the Financial Institutions named therein, without giving effect to the terms of Section 3.3.

4. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

5. Reference to and Effect on the Guaranty. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver to, or modification of any other term or condition in the Guaranty or any of the documents referred to therein. Except as expressly amended and consented hereby, the terms and conditions of the Guaranty shall continue in full force and effect, and as amended hereby, the Guaranty is ratified and confirmed in all respects. On and after the Effective Date, the Guaranty shall be deemed to mean the Guaranty as amended hereby.

6. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Schedule I: Schedule I to Guaranty
Schedule II: Schedule II to Guaranty
Schedule III: Schedule III to Guaranty

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amendment to be signed in their respective names.

Williams Gas Pipeline Company, LLC,
as Guarantor

By: /s/ James G. Ivey

Name: James G. Ivey

Title: Assistant Treasurer

[FINANCIAL INSTITUTIONS]

Each of the entities reflected on the following ten (10) pages is executing this Amendment as a Financial Institution party to the Amended and Restated Credit Agreement dated as of October 31, 2002 among the Company and the Financial Institutions named therein:

AGENT AND COLLATERAL AGENT:

CITICORP USA, INC., as Agent and Collateral Agent

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

BANKS AND ISSUING BANKS:

CITIBANK N.A., as Issuing Bank

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CITICORP USA, INC.

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA, as Canadian Issuing
Bank and Bank

By:
Name:
Title:

BANK OF AMERICA N.A., as Issuing Bank and
Bank

By: /s/ Claire M. Liu
Name: Claire M. Liu
Title: Managing Director

JP MORGAN CHASE BANK

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall
Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audermard
Name: Olivier Audermard
Title: Senior V.P.

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J.E. Feeley
Name: Carol J.E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Francis Chang
Name: Francis Chang
Title: Authorized Signatory

SCHEDULE I
CREDIT DOCUMENTS

NEW CREDIT FACILITY:

Amended and Restated Credit Agreement dated as of October 31, 2002 executed by The Williams Companies, Inc., as borrower, Citicorp USA, Inc., as agent and collateral agent, Bank of America N.A. as syndication agent, Citibank, N.A. and Bank of America N.A. as issuing bank, Salomon Smith Barney Inc., as arranger, and the banks named therein.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with the foregoing.

PROGENY AGREEMENTS

Parent Support Agreement dated as of December 23, 1998, made by The Williams Companies, Inc. in favor of Castle Associates L. P. and Colchester LLC and the other Indemnified Persons listed therein, as amended. Notwithstanding anything in the Guaranty to the contrary, for purposes of Section 8.01 of the Guaranty, the principal amount of this Progeny Facility shall equal the outstanding Unrecovered Capital of the Limited Partner plus all accrued and undistributed First Priority Return to be distributed to the Limited Partner in accordance with Section 4.01(a) of the Castle Partnership Agreement plus all other amounts then due and payable to the Limited Partner. As used herein, "Castle Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Castle Associates L.P., dated as of December 23, 1998, by and among Garrison, L.L.C., a Delaware limited liability company, Laughton, L.L.C., a Delaware limited liability company, and Colchester LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time. Capitalized terms used in this paragraph but not otherwise defined herein shall have the meanings ascribed in the Castle Partnership Agreement.

First Amended and Restated Term Loan Agreement dated as of October 31, 2002, among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002, among Williams Oil Gathering, L.L.C., as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A. (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America

Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended by the Consent and First Amendment dated as of July 31, 2002 and the Consent and Second Amendment dated as of October 31, 2002. Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security National Bank , National Association), as Certificate Trustee, Wells Fargo Bank Nevada N.A., (successor by merger to First Security Trust company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended by the Consent and First Amendment dated as of July 31, 2002 and the consent and Second Amendment dated as of October 31, 2002.

$200,000,000 Term Loan Agreement dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and Mizuho Corporate Bank, Ltd., f/k/a The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

Joint Venture Sponsor Agreement dated as of December 28, 2000, among The Williams Companies, Inc., as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended. Notwithstanding anything in the Guaranty to the contrary, for purposes of Section 8.01 of the Guaranty, the outstanding amount of this Progeny Facility shall equal the outstanding Capital Contribution of the Joint Venture Class B Member (each as defined in the Snow Goose Company Agreement) plus the accrued and unpaid Class B Amount (as defined in the Snow Goose Company Agreement) plus all other amounts then due and payable to the Joint Venture Class B Member. As used herein, "Snow Goose Company Agreement" means the Amended and Restated Company Agreement of Snow Goose Associates, L.L.C., a Delaware limited liability company, Prairie Wolf Investors, L.L.C., a Delaware limited liability company, and Snow Goose Associates, L.L.C., a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended.

$127,000,000 Master Agreement dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of The Williams Companies, Inc., as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent and the Lenders named therein, as amended.

PPH Sponsor Agreement dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other Indemnified Persons listed in the agreement, as amended. Notwithstanding anything in the Guaranty to the contrary, for purposes of Section 8.01 of the Guaranty, the outstanding amount of this Progeny Facility shall equal the outstanding Contributed Capital of the Class B Preferred Member (each as defined in the PPH Company Agreement) plus the accrued and unpaid Class B Priority Return (as defined in the PPH Company Agreement) plus all other amounts then due and payable to the Class B Preferred Member. As used herein, "PPH Company Agreement" means the Amended and Restated Limited Liability Company Agreement of Piceance Production Holdings LLC, dated as of December 31, 2001, by and among, Williams Production RMT Company, a Delaware corporation, Bison Royalty LLC, a Delaware limited liability company, Plowshare Investors LLC, a Delaware limited liability company, and Piceance Production Holdings LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

Amended and Restated LLC Loan Agreement dated as of June 9, 2000 among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, and the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions thereto, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with any of the foregoing.

LEGACY L/CS

See Attachment 1 attached hereto.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with the letters of credit described on Attachment 1.

ATTACHMENT 1

[TO BE ATTACHED]

SCHEDULE II
CERTAIN OBLIGATIONS

Obligations arising from that certain GSX Project Agreement dated April 23, 2001 among GSX Canada Limited Partnership, Georgia Strait Crossing Pipeline LP, British Columbia Hydro and Power Authority, and Williams Gas Pipeline Company, LLC, as amended from time to time, and agreements related thereto, not to exceed $3 million in the aggregate outstanding at any time.

SCHEDULE III

NEW CREDIT AGREEMENT

1. Citicorp USA, Inc., as Agent on behalf of the Lenders party to that certain Amended and Restated Credit Agreement dated as of October 31, 2002 by and among The Williams Companies, Inc. as Borrower, the Lenders party thereto, Citibank, N.A., Bank of America N.A. and The Bank of Nova Scotia as Issuing Banks, Bank of America N.A. as Syndication Agent, Salomon Smith Barney Inc. as Arranger, and Citicorp USA, Inc., as Agent and Collateral Agent.

PROGENY FACILITIES

1. Castle Associates L.P.* and Colchester LLC and the other Indemnified Persons and Guaranteed Parties as parties to or beneficiaries of that certain Parent Support Agreement dated as of December 23, 1998 by The Williams Companies, Inc. in favor of Castle Associates L. P. and Colchester LLC and the other Indemnified Persons listed therein, as amended (the "Castle Parent Support Agreement"), and related transaction documents. Capitalized terms used but not otherwise defined in this paragraph 1 have the meanings ascribed in the Castle Parent Support Agreement.

2. Credit Lyonnais New York Branch, as Administrative Agent on behalf of the Lenders party to the First Amended and Restated Term Loan Agreement dated as of October 31, 2002 among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

3. First Security Bank, N.A. as Certificate Trustee on behalf of the Certificate Holders, Wells Fargo Bank Nevada, N.A., as Collateral Agent, and Bank of America, N.A., as Administrative Agent and Administrator under that certain Second Amended and Restated Participation Agreement, dated as of January 28, 2002, among Williams Oil Gathering, L.L.C., as Lessee, Williams Field Services Company, as Construction Agent, The Williams Companies, Inc., as Guarantor, First Security Bank, N.A. as Certificate Trustee, the Certificate Holders party thereto, Wells Fargo Bank Nevada, N.A., as Collateral Agent, Bank of America, N.A., as Administrative Agent and Administrator, as amended.

4. First Security Bank, N.A. as Certificate Trustee on behalf of the Certificate Holders, Wells Fargo Bank Nevada, N.A., as Collateral Agent, and Bank of America, N.A., as Administrative Agent and Administrator under that certain Second Amended and Restated Participation Agreement, dated as of January 28, 2002, among Williams Field Services - Gulf Coast Company, L.P., as Lessee, Williams Field Services Company, as Construction Agent, The Williams Companies, Inc., as Guarantor, First Security Bank, N.A. as Certificate Trustee, the Certificate Holders party thereto, Wells Fargo Bank Nevada, N.A., as Collateral Agent, Bank of America, N.A., as Administrative Agent and Administrator, as amended.

5. Mizuho Corporate Bank, Ltd., f/k/a The Fuji Bank, Limited, as Administrative Agent on behalf of the Banks party to the $200,000,000 Term Loan Agreement, dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

6. Prairie Wolf Investors, L.L.C. and Snow Goose Associates, L.L.C*. and the other Indemnified Persons (as defined in the Joint Venture Sponsor Agreement) as parties to or beneficiaries of that certain Joint Venture Sponsor Agreement, dated as of December 28, 2000, among The Williams Companies, Inc., as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C., Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended, and related transaction documents.

7. Tulsa Parking Authority and Bank of America, N.A. (formerly NationsBank of Texas, N.A.) as parties to that certain Letter of Credit and Reimbursement Agreement, dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended, and related transaction documents.

8. Atlantic Financial Group, Ltd., as Lessor, and SunTrust Bank, as Agent on behalf of the Lenders party to that certain Master Agreement, dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of The Williams Companies, Inc., as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, KBC Bank, N.V., as Syndication Agent, and the Lenders party thereto, as amended, and related transaction documents.

9. Piceance Production Holdings LLC*, Plowshare Investors LLC and the other Indemnified Persons (as defined in the PPH Sponsor Agreement) as parties to or beneficiaries of that certain PPH Sponsor Agreement, dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other Indemnified Persons listed in the agreement, as amended, and related transaction documents.

10. The Guaranteed Parties under that certain Amended and Restated Payment and Performance Guaranty, Indemnity and Undertaking made by The Williams Companies, Inc. in favor of the Guaranteed Parties, dated October 31, 2002, as amended, and related transaction documents.

11. The Guaranteed Parties under that certain First Amendment to Performance Guaranty, Indemnity and Undertaking (Initial LLC Asset) made by The Williams Companies, Inc. in favor of the Guaranteed Parties, dated October 31, 2002, as amended, and related transaction documents.

LEGACY L/CS

1. Each issuer of a letter of credit as set forth on Attachment 1 attached to Schedule I to the Guaranty.

*Notwithstanding anything in the Guaranty to the contrary, the entities marked with an asterisk shall be deemed to be "Financial Institutions" for purposes of the Guaranty for so long as any Person not an affiliate of the Company owns an Equity Interest in such entity.

THE WILLIAMS COMPANIES, INC.

LEGACY LETTERS OF CREDIT - FOR PURPOSE OF PRO RATA DISTRIBUTION OF NET CASH PROCEEDS FROM ASSET SALES

AS OF 10-31-02

LETTER OF CREDIT #	ACCOUNT PARTY	BENEFICIARY
ABN-AMRO		
S815546	Wilpro Energy Services PIGAP II Ltd	PDVSA Petroleo y Gas SA
Total ABN-AMRO		
BANK OF AMERICA		
C7269699	MAPCO, Inc.	Old Republic Insurance Company
C7269707	MAPCO, Inc.	ACE Insurance Company of Texas
3020403	WilPro Energy Services (El Furrial) Ltd	Citibank, N.A.
7409323	The Williams Companies, Inc.	PDVSA Petroleo y Gas, S.A.
3037033	Barrett Resources Corporation	Oklahoma Tax Commission
5535821l135652	TWC	Tulsa Parking Authority
Total Bank of America		
JPMORGAN CHASE		
P-389157	The Williams Companies, Inc.	Citicorp North America Inc. as RCE Agent (Castle)
P-299538	Wilpro Energy Services (PIGAP II) Limited	PDVSA Petroleo y Gas, S.A.
P-219203	Williams Energy Marketing & Trading	The New York Independent System Operator, Inc.
P-224665	Williams Energy Marketing & Trading	Royal Bank of Canada
P-221802	Williams Energy Marketing & Trading	California Power Exchange Corporation
P-221924	The Williams Companies, Inc.	National Union Fire Insurance et al
P-222915	The Williams Companies, Inc.	United States Fidelity & Guaranty
P-225395	Williams Production RMT Co.	Powder River Energy Corp.
P-225403	Williams Production Mid-Continent Company	U.S. Dept. of Interior Bureau of Indian Affairs
Total JPMorgan Chase		
CITIBANK		
33623046	TWC on behalf of ACCROVEN, SRL	PDVSA Gas S.A. ACCRO III & IV Projects
33623048	TWC on behalf of ACCROVEN, SRL	PDVSA Gas S.A. ACCRO III & IV Projects
33623049	TWC on behalf of ACCROVEN, SRL	PDVSA Gas S. ACCRO III & IV Projects
Total Citibank		
ROYAL BANK OF CANADA		
1739/s19728	TWC/WGP-Alliance Canada	Montreal Trust Company of Canada
1739/s19729	TWC/WGP-Alliance Canada	The Bank of Nova Scotia Trust Co. of NY
Total Royal Bank of Canada		
TORONTO DOMINION		
1699	The Williams Companies, Inc.	Prairie Wolf Investors
Total Toronto Dominion		
WELLS FARGO		
NMS232199	Transco Energy Company	Transportation Insurance Company
Total Wells Fargo		
	Total LC's Outstanding	

LETTER OF CREDIT #	AMOUNT	DATED	EXPIRY DATE	% OF TOTAL	CASH COLLATERAL
ABN-AMRO					
S815546	$ 5,000,000	9/1/1999	8/29/2003		
Total ABN-AMRO	$ 5,000,000			3.3%	$ 471,000
BANK OF AMERICA					
C7269699	$ 300,000	3/15/1995	3/30/2003		
C7269707	$ 1,582,902	3/15/1995	3/31/2003		
3020403	$ 5,652,733	11/15/1999	11/15/2002		
7409323	$ 225,000	5/2/2002	5/31/2003		
3037033	$ 200,000	4/16/2001	5/11/2003		
5535821l135652	$ 8,608,985	5/15/1992	5/31/2003		
Total Bank of America	$ 16,569,620			11.0%	$ 2,559,000
JPMORGAN CHASE					
P-389157	$ 3,800,000	12/23/1998	12/23/2002		
P-299538	$ 40,000,000	4/3/2000	4/16/2003		
P-219203	$ 5,500,000	11/13/2001	12/1/2002		
P-224665	$ 5,000,000	4/22/2002	4/30/2003		
P-221802	$ 1,000,000	2/1/2002	2/1/2003		
P-221924	$ 9,010,112	2/6/2002	3/1/2003		

P-222915	$ 6,650,000	3/7/2002	3/1/2003		
P-225395	$ 4,000,000	5/10/2002	5/10/2004		
P-225403	$ 30,000	5/13/2002	5/17/2003		
Total JPMorgan Chase	$ 74,990,112			49.8%	$ 9,720,000
CITIBANK					
33623046	$ 32,500,000	3/9/2001	1/6/2003		
33623048	$ 4,000,000	3/9/2001	1/6/2003		
33623049	$ 1,000,000	3/9/2001	1/6/2003		
Total Citibank	$ 37,500,000			24.9%	$ 3,536,000
ROYAL BANK OF CANADA					
1739/s19728	$ 2,789,778	12/18/2000	12/17/2002		
1739/s19729	$ 2,922,000	12/18/2000	12/17/2002		
Total Royal Bank of Canada	$ 5,711,778			3.8%	$ 547,000
TORONTO DOMINION					
1699	$ 10,860,000	12/28/2000	12/28/2005		
Total Toronto Dominion	$ 10,860,000			7.2%	$ 1,024,000
WELLS FARGO					
NMS232199	$ 40,000	2/2/1995	2/2/2003		
Total Wells Fargo	$ 40,000			0.0%	$ 4,000
	$ 150,671,510			100%	$ 17,861,000

EXHIBIT 10.7
EXECUTION COPY

FIRST AMENDMENT TO COLLATERAL TRUST AGREEMENT

This First Amendment dated as of October 31, 2002 (this "Amendment") to the Collateral Trust Agreement dated as of July 31, 2002 (as amended and modified from time to time, the "Collateral Trust Agreement"), is among The Williams Companies, Inc., a Delaware corporation (the "Company"), and each of its Subsidiaries which is or which subsequently becomes a party thereto (together, with the Company, the "Debtors"), in favor of Citibank, N.A., as collateral trustee ("Collateral Trustee") for the benefit of the holders of the Secured Obligations. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Collateral Trust Agreement.

WITNESSETH:

WHEREAS, the parties hereto have agreed to amend certain provisions of the Collateral Trust Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Collateral Trust Agreement is hereby amended as follows:

1. Amendments

(a) Pursuant to the terms of those two certain Consent and Waivers each dated as of September 20, 2002, by and among the Company and the other signatories thereto, the Collateral Trust Agreement was amended to (i) remove Williams Field Services - Gulf Coast Company, L.P. as a Debtor and (ii) add Williams Gulf Coast Gathering Company, LLC as Debtor. Pursuant to this Amendment, the following additional parties are added as Debtors: WFS - Pipeline Company; WFS Gathering Company, L.L.C.; Williams Field Services - Matagorda Offshore Company, LLC; Williams Gas Processing - Mid Continent Region Company; WFS-OCS Gathering Co.; HI-BOL Pipeline Company; Goebel Gathering Company, L.L.C.; Williams Petroleum Services, LLC; Longhorn Enterprises of Texas, Inc.; and Williams GP LLC.

(b) The introductory paragraph of the Collateral Trust Agreement is hereby amended and restated in its entirety and replaced with the following:

> "COLLATERAL TRUST AGREEMENT, dated as of July 31, 2002 (this "Agreement"), among THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "Company"), the subsidiaries of the Company which are or which subsequently become parties hereto (the "Subsidiaries" and collectively

with the Company, the "Debtors"), and CITIBANK, N.A., as Collateral Trustee (the "Collateral Trustee"):"

(c) The definition of Release Notice set forth in Section 1.1 of the Collateral Trust Agreement is hereby amended and restated in its entirety and replaced with the following:

"Release Notice: shall mean a written notice, signed by a Responsible Officer of the Company and the Debtors with interests in the Collateral to be released, that requests the release of Liens held in favor of the Collateral Trustee in such Collateral and that (a) certifies to the Collateral Trustee that the release of such Collateral is permitted under the applicable terms of the Principal Bank Facility and the Principal L/C Facility (collectively, the "Facilities") and has either been consented to by the Required Decision Group or is expressly permitted under the applicable terms of the Facilities without the need of any such consent, (b) sets forth the estimated proceeds from the disposition of such Collateral and the intended application thereof and confirms that such application is in accordance with the applicable requirements of the Facilities, and (c) covenants to the Collateral Trustee that the proceeds of such Collateral shall be applied as described therein."

(d) The following Section 1.2 is hereby added to the Collateral Trust Agreement:

"1.2 Incorporated Definitions and Provisions. All defined terms that are incorporated into this Agreement by reference to other agreements shall incorporate into this Agreement the provisions of such other agreements that exist as of the date hereof; however, such provisions shall be automatically modified herein by any amendment or modification that takes place after the date hereof in such other referenced agreement(s); subject to the following limitations: (a) no such amendment or modification shall be effective with respect to this Agreement until Collateral Trustee shall have received a copy of such amendment or modification and (b) no provision of any such amendment or modification that imposes any additional liability, obligation or adverse effect on the Collateral Trustee shall be effective with respect to this Agreement unless the Collateral Trustee has executed a written consent to such provision or to the amendment or modification in which such provision is set forth.

(e) Section 2.5 of the Collateral Trust Agreement is hereby amended and restated in its entirety and replaced with the following:

"2.5 Releases of Collateral.

(a) In connection with any proposed sale, assignment, transfer, or other disposition of Collateral, the Company and the Debtors with an interest in such Collateral may deliver a Release Notice to the Collateral Trustee which the

Collateral Trustee shall promptly distribute to the holders of Secured Obligations under the Principal Bank Facility and the Principal L/C Facility. Each of the holders of Secured Obligations under either of the Facilities shall have 15 days after the receipt of such Release Notice to notify the Collateral Trustee if such holder believes that the release of such Collateral is improper because (i) the release of such Collateral is not permitted under the applicable terms of the Facilities or has not been consented to by the Required Decision Group or (ii) the intended application of the proceeds from the disposition of such Collateral is not in accordance with the applicable requirements of the Facilities (any such certificate being referred to herein as an "Objection Certificate"). If an Objection Certificate is not delivered during such 15 day period, then the Collateral Trustee shall be authorized to and agrees to release the Liens of the Collateral Trustee in the Collateral described in the Release Notice upon the contemporaneous receipt by Collateral Trustee of the amount of the proceeds, if any, of such permitted disposition that are required to be delivered to the Collateral Trustee pursuant to the terms of the Facilities or any of the Security Documents and as set out in the Release Notice. If during the 15 day period referenced above the Collateral Trustee receives an Objection Certificate, then the Liens will not be released at the end of such period and the Collateral Trustee will not take any actions requested under the Release Notice until (x) such Objection Certificate shall be withdrawn in writing by the holder of Secured Obligations which shall have delivered the same to the Collateral Trustee or (y) until the Collateral Trustee shall have received a final order of a court of competent jurisdiction directing it to release the Liens of the Collateral Trustee in such Collateral. In connection with any release pursuant to this Section 2.5, upon receipt of the appropriate amount of proceeds from such disposition, if any, the Collateral Trustee shall at the request of the Company execute a partial release of the Liens granted under the Security Documents and such instruments, including UCC-3 amendments or termination statements, as are necessary to partially release or terminate any documents constituting public notice of the Security Documents and the Liens granted thereunder and shall assign and transfer, or cause to be assigned and transferred, and shall deliver, or cause to be delivered, to the applicable Debtors, all property thereof then held by the Collateral Trustee in which the Lien of the Collateral Trustee has been released.

(b) Upon Collateral Trustee's receipt of the portion of the gross proceeds from a disposition, if any, that are required to be delivered to the Collateral Trustee pursuant to the terms of the Facilities and as specified in the Release Notice, Collateral Trustee shall hold such proceeds as Collateral under this Agreement until Company delivers to Collateral Trustee a division of proceeds certificate (a "Division Certificate"). Concurrently with delivery of any Division Certificate to the Collateral Trustee, the Company shall deliver copies of such Division Certificate to the Agent (as such term is defined in the Principal Bank Facility) for the Banks that are party to the Principal Bank Facility and to

the Agent (as such term is defined in the Principal L/C Facility) for the Banks that are party to the Principal L/C Facility. The Division Certificate shall be prepared based on the terms of Section 2.04(c) of the Principal Bank Facility and Section 2.3 (b) of the Principal L/C Facility. Upon receipt of such a Division Certificate the Collateral Trustee shall as soon as practicable disburse the proceeds, if any, it has received consistent with the terms of the Division Certificate. If Collateral Trustee obtains any proceeds resulting from the sale of Collateral that are not required to be delivered pursuant to the terms of Section 2.04(c) of the Principal Bank Facility or Section 2.3 (b) of the Principal L/C Facility to a holder of Secured Obligations or another creditor of the Company or its Subsidiaries then the Collateral Trustee shall as soon as practicable deliver such proceeds to the Company free and clear of any Liens."

(f) The following Section 2.10 is hereby added to the Collateral Trust Agreement:

"2.10 Releases in Connection with Permitted Dispositions. Section 5.2(e) of the Principal L/C Facility and Section 5.02(l) of the Principal Bank Facility provide that certain dispositions will be permitted and that any Guarantor (as defined therein) that is the owner of the assets subject to the disposition permitted pursuant to Section 5.2(e) of the Principal L/C Facility and Section 5.02(l) of the Principal Bank Facility and whose Equity Interests (as defined therein) are being conveyed in connection with such disposition (as well as the owners' of such Equity Interests, to the extent of such permitted distribution) shall be automatically released as a party to this Agreement and to the other Security Documents. The Debtors and the Collateral Trustee hereby acknowledge and agree to the automatic release described above and the Collateral Trustee agrees to and is hereby authorized to execute documents and notices evidencing such releases; provided, however, Collateral Trustee shall not be required to execute any documents or notices in connection with any automatic release unless Collateral Trustee has received satisfactory certifications and documentation that the conditions specified in Section 5.2(e) of the Principal L/C Facility and Section 5.02(l) of the Principal Bank Facility for obtaining an automatic release, if any, have been satisfied."

(g) The following Section 2.11 is hereby added to the Collateral Trust Agreement:

"2.11 Execution of Non-Disturbance and Attornment Agreement. Collateral Trustee agrees to and is hereby authorized to execute a non-disturbance and attornment agreement in accordance with the provisions of Section 5.2(e) of the Principal L/C Facility and Section 5.02(l) of the Principal Bank Facility which agreement shall be substantially in the form attached to such Principal L/C Facility and referenced in such Section 5.2(e) and such Section 5.02(l)."

(h) The following Section 6.9 is hereby added to the Collateral Trust Agreement:

"Section 6.9 Joinder. Pursuant to the terms of the Master Debt Agreements certain Persons (hereafter referred to as the "Joining Subsidiaries") may desire to or be required to join this Agreement as Debtors. In connection with any such joinder the Joining Subsidiary shall cause to be executed and delivered (a) a joinder agreement substantially in the form of the joinder agreement attached hereto as Schedule II and (b) authorization documentation, corporate documentation, perfection documentation and opinion letters reasonably satisfactory to the Collateral Trustee reflecting the status of such Joining Subsidiary and the enforceability of such agreements with respect to such Joining Subsidiary; provided, however, that the Collateral Trustee shall have no obligations with respect to the additional Collateral that results from the addition of a Joining Subsidiary as a Debtor pursuant to this Agreement prior to the delivery of such additional Collateral, and Collateral Trustee shall have no duty to solicit the delivery of any Collateral from any Debtor."

(i) A new Schedule II to the Collateral Trust Agreement is hereby added which is the document attached as Schedule II hereto.

2. Acknowledgement. Williams Energy Marketing & Trading Company hereby acknowledges that it is a Debtor and original signatory to the Collateral Trust Agreement effective as of July 31, 2002.

3. Conditions to Effectiveness. This Amendment shall be deemed effective (the "Effective Date") upon the satisfaction of the conditions precedent as set out in Section 3.1 of that certain Amended and Restated Credit Agreement dated as of October 31, 2002, among Company and the Financial Institutions named therein, without giving effect to the terms of Section 3.3; provided, however, that the Collateral Trustee shall have no obligations with respect to the additional Collateral that results from the addition of Debtors as parties to the Collateral Trust Agreement pursuant to this Amendment prior to the delivery of such additional Collateral, and the Collateral Trustee shall have no duty to solicit the delivery of any Collateral from any Debtor. Notwithstanding anything to the contrary herein, any provision or portion of a provision in this Amendment that is or is determined to be a release of Collateral shall not be effective to release such Collateral until the Collateral Trustee has received satisfactory documentation that such release of Collateral is permitted by or has been properly approved in accordance with the terms of the Collateral Trust Agreement.

4. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

5. Reference to and Effect on the Collateral Trust Agreement. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver to, or modification of any other term or condition in the Collateral Trust Agreement or any of the documents referred to therein. Except as expressly amended and consented hereby, the terms and conditions of the Collateral Trust Agreement shall continue in full force and effect, and as amended hereby, the Collateral Trust Agreement is ratified and confirmed in all respects. On

and after the Effective Date, the Collateral Trust Agreement shall be deemed to mean the Collateral Trust Agreement as amended hereby.

6. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Schedule II: Form of Joinder Agreement

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amendment to be signed in their respective names.

The Williams Companies, Inc.,
as Debtor

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

AGENT:

CITICORP USA, INC., as Agent

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

BANKS AND ISSUING BANKS:

CITIBANK N.A., as Issuing Bank

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Attorney-in-Fact

CITIBANK N.A., as Collateral Trustee

By /s/ Camille Tomao

Name: Camille Tomao
Title: Vice President

CITICORP USA, INC.

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

BANKS:

CITICORP USA, INC.

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA, as Canadian
Issuing Bank and Bank

By:
____

Name:
Title:

BANK OF AMERICA, N.A., as Issuing
Bank and Bank

By /s/ Claire Liu
____

Name: Claire Liu
Title: Managing Director

JP MORGAN CHASE BANK

By: /s/ Robert W. Traband
____

Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall
____

Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard
____

Name: Olivier Audemard
Title: Senior Vice President

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J. E. Feeley

Name: Carol J. E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Francis Chang

Name: Francis Chang
Title: Authorized Signatory

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),
As Co-Syndication Agent

By /s/ Robert W. Traband

Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG,
as Co-Syndication Agent

By /s/ Harry Yergey

Name: Harry Yergey
Title: Senior Vice President and Manager

By /s/ Brian Campbell

Name: Brian Campbell
Title: Senior Vice President

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH
as Documentation Agent

By: /s/ Olivier Audemard

Name: Olivier Audemard
Title: Senior Vice President

THE BANK OF NOVA SCOTIA

By: /s/ N. Bell

Name: N. Bell
Title: Senior Manager

BANK OF AMERICA, N.A.

By /s/ Claire M. Liu

Name: Claire M. Liu
Title: Managing Director

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By /s/ Jeanie C. Gonzalez

Name: Jeanie C. Gonzalez
Title: Director

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),

By /s/ Robert W. Traband

Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN BRANCHES

By /s/ Brian Campbell l

Name: Brian Campbell
Title: Senior Vice President

By /s/ W. David Suttles

Name: W. David Suttles
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard

Name: Olivier Audemard
Title: Senior Vice President

NATIONAL WESTMINSTER PLC

By: /s/ Charles Greer

Name: Charles Greer
Title: Senior Vice President

ABN AMRO BANK, N.V.

By: /s/ Frank R. Russo, Jr.

Name: Frank R. Russo, Jr.
Title: Group Vice President

By: /s/ Jeffrey G. White

Name: Jeffrey G. White
Title: Vice President

BANK OF MONTREAL

By: /s/ Mary Lee Latta

Name: Mary Lee Latta
Title: Director

THE BANK OF NEW YORK

By: /s/ Raymond J. Palmer

Name: Raymond J. Palmer
Title: Vice President

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Name: Nicholas A. Bell
Title: Director

CIBC INC.

By: /s/ George Knight

Name: George Knight
Title: Managing Director

CREDIT SUISSE FIRST BOSTON

By: /s/ James P. Moran

Name: James P. Moran
Title: Director

By: /s/ Ian W. Nalitt

Name: Ian W. Nalitt
Title: Associate

ROYAL BANK OF CANADA

By: /s/ Peter Barnes

Name: Peter Barnes
Title: Senior Manager

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

By /s/ Kelton Glassock

Name: Kelton Glassock
Title: Vice President and Manager

By /s/ Jay Fort

Name: Jay Fort
Title: Vice President

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By /s/ Matthew W. Speh

Name: Matthew W. Speh
Title: Authorized Officer

SOCIETE GENERALE, SOUTHWEST AGENCY

By /s/ J. Douglas McMurrey, Jr.

Name: J. Douglas McMurrey, Jr.
Title: Managing Director

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Name: Jill Hall
Title: Vice President

UBS AG, STAMFORD BRANCH

By: /s/ Kelly Smith

Name: Kelly Smith
Title: Director Recovery Management

By: /s/ Robert Reuter

Name: Kelly Smith
Title: Executive Director

WELLS FARGO BANK TEXAS, N.A.

By /s/ J. Alan Alexander

Name: J. Alan Alexander
Title: Vice President

WESTLB AG, NEW YORK BRANCH

By /s/ Salvatore Battinelli and Duncan M. Robertson

Name: Salvatore Battinelli and Duncan M. Robertson
Title: Managing Director
Director Credit Department

CREDIT AGRICOLE INDOSUEZ

By: /s/ Larry Materi

Name: Larry Materi
Title: Vice President

By: /s/ Paul A. Dytrych

Name: Paul A. Dytrych
Title: Vice President

SUNTRUST BANK

By: /s/ Steven J. Newby

Name: Steven J. Newby
tle: Director

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich

Name: Robert J. Ivosevich
Title: Deputy General Manager

By: /s/ Barbara C. Sanderson

Name: Barbara C. Sanderson
Title: VP Head of Credit

BANK OF CHINA, NEW YORK BRANCH

By:
Name:
Title:

BANK OF OKLAHOMA, N.A.

By:
Name:
Title:

BNP PARIBAS, HOUSTON AGENCY

By: /s/ Larry Robinson

Name: Larry Robinson
Title: Vice President

By: /s/ Mark A. Cox

Name: Mark A. Cox
Title: Director

DZ BANK AG DEUTSCHE
ZENTRALGENOSSENSCHAFTSBANK, NEW YORK BRANCH

By: /s/ Mark Connelly

Name: Mark Connelly
Title: Senior V.P.

By: /s/ Richard W. Wilbert

Name: Richard W. Wilbert
Title: Vice President

KBC BANK N.V.

By: /s/ Michael V. Curran

Name: Michael V. Curran
Title: First Vice President

By: /s/ Diane M. Grimmig

Name: Diane M. Grimmig
Title: First Vice President

WACHOVIA BANK, N.A.

By: /s/ David E. Humphreys

Name: David E. Humphreys
Title: Vice President

MUZUHO CORPORATE BANK, LTD

By:
Name:
Title:

SUMITOMO MITSUI BANKING CORPORATION

By /s/ Leo E. Pagarigan

Name: Leo E. Pagarigan
Title: Senior Vice President

COMMERCE BANK, N.A.

By: /s/ Dennis R. Block

Name: Dennis R. Block
Title: Senior Vice President

ROYAL BANK OF SCOTLAND

By:
Name:
Title:

RZB FINANCE, LLC

By:

Name:
Title:

WORTHINGTON GENERATION, L.L.C.

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS REFINING & MARKETING, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS PETROLEUM SERVICES, LLC

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS PETROLEUM PIPELINE SYSTEMS, INC.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS MID-SOUTH PIPELINES, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GENERATION COMPANY-HAZLETON

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Vice President

WILLIAMS OLEFINS, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS OLEFINS FEEDSTOCK PIPELINES, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS NATURAL GAS LIQUIDS, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MIDSTREAM NATURAL GAS LIQUIDS, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MERCHANT SERVICES COMPANY, INC.

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS MEMPHIS TERMINAL, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GULF COAST GATHERING COMPANY, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GP, LLC

By: /s/ Don R. Wellendorf

Name: Don R. Wellendorf
Title: President and Chief Executive Officer

WILLIAMS GENERATING MEMPHIS, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING - WAMSUTTER COMPANY.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING - MID-CONTINENT
REGION COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES GROUP, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES - MATAGORDA OFFSHORE
COMPANY, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS EXPRESS, INC. (DE)

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS EXPRESS INC. (AK)

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ETHANOL SERVICES, INC.

By: /s/ Paul W. Nelson

Name: Paul W. Nelson
Title: Treasurer

WILLIAMS ENERGY SERVICES, LLC

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS ENERGY MARKETING & TRADING COMPANY

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS BIO-ENERGY, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS ALASKA PIPELINE COMPANY, L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS ALASKA PETROLEUM, INC.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ALASKA AIR CARGO PROPERTIES, L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WFS-OFFSHORE GATHERING COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-NGL PIPELINE COMPANY, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-LIQUIDS COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS GATHERING COMPANY, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WFS ENTERPRISES, INC.

By: /s/ Mary Jane Bittick

Name: Mary Jane Bittick
Title: Treasurer

WFS - PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS - OCS GATHERING CO.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

NORTH PADRE ISLAND SPINDOWN, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MEMPHIS GENERATION, L.L.C.

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

MAPL INVESTMENTS, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MAPCO INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

LONGHORN ENTERPRISES OF TEXAS, INC.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

JUAREZ PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

HI-BOL PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

GOEBEL GATHERING COMPANY, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

GAS SUPPLY, L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill

Title: Senior Vice President

BLACK MARLIN PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong

Title: Senior Vice President

SCHEDULE II
TO
COLLATERAL TRUST AGREEMENT

FORM OF JOINDER AGREEMENT

JOINDER AGREEMENT
(name of joining subsidiary)

[_________, _____]

[Joining Subsidiary], a [_________ corporation] (the "Subsidiary"), hereby agrees with (a) CITIBANK, N.A., as collateral trustee for the benefit of the holders of the Secured Obligations, (b) THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "Company") and (c) the other parties to the Security Documents (as defined below), as follows:

All capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Credit Agreement, dated as of October 31, 2002, by and among The Williams Companies, Inc., the various lenders as are or may become parties thereto; the Issuing Banks, and Citicorp USA, Inc., as Agent and Collateral Agent (as further amended, modified, supplemented, renewed, extended or restated from time to time, the "Credit Agreement").

In accordance with the terms of the [Security Agreement, Pledge Agreement and Collateral Trust Agreement] (collectively, the "Security Documents"), the Subsidiary hereby (a) [joins the Security Agreement as a party thereto and assumes all the obligations of a Grantor (as defined in the Security Agreement) under the Security Agreement], (b) [joins the Pledge Agreement as a party thereto and assumes all the obligations of a Pledgor (as defined in the Pledge Agreement) under the Pledge Agreement], (c) [joins the Collateral Trust Agreement as a party thereto and assumes all the obligations of a Debtor (as defined in the Collateral Trust Agreement) under the Collateral Trust Agreement], (d) agrees to be bound by the provisions of the Security Documents as if the Subsidiary had been an original party to the Security Documents, and (e) confirms that, after joining the Security Documents as set forth above, the representations and warranties set forth in each of the Credit Documents with respect to the Subsidiary are true and correct in all material respects as of the date of this Joinder Agreement.

For purposes of notices under the Security Documents, the notice address for the Subsidiary may be given to the Subsidiary by providing notice addressed to [Subsidiary's Name] c/o The Williams Companies, Inc., in any manner that notice is permitted to be given to the Company pursuant to the terms of the Credit Agreement.

[Schedule I and Schedule II to the Security Agreement are hereby supplemented with the information set forth on Exhibit I to this Joinder Agreement.]

[Schedule I and Schedule II to the Pledge Agreement are hereby supplemented with the information regarding the Subsidiary set forth on Exhibit II to this Joinder Agreement.]

THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN WITNESS WHEREOF this Joinder Agreement is executed and delivered as of the ___ day of ____________, _____.

[Joining Subsidiary]

By: ---------------------------------------

Name: ------------------------------------

Title: -----------------------------------

EXHIBIT 10.8
EXECUTION COPY

FIRST AMENDMENT TO GUARANTY BY MIDSTREAM ENTITIES

This First Amendment dated as of October 31, 2002 (this "Amendment") to the Guaranty dated as of July 31, 2002 (as amended and modified from time to time, the "Guaranty"), is executed by certain Midstream Subsidiaries (the "Guarantors"), in favor of Citibank, N.A., as surety administrative agent ("Agent") for the benefit of the holders of the Secured Obligations. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Guaranty.

WITNESSETH:

WHEREAS, the parties hereto have agreed to amend certain provisions of the Guaranty;

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Guaranty is hereby amended as follows:

1. Amendments

(a) Pursuant to the terms of those two certain Consent and Waivers each dated as of September 20, 2002, by and among the Company and the other signatories thereto, the Guaranty was amended to (i) remove Williams Field Services - Gulf Coast Company, L.P., as a Guarantor and (ii) add Williams Gulf Coast Gathering Company, LLC, as a Guarantor. Pursuant to this Amendment, the following additional parties are added as Guarantors: WFS - Pipeline Company; WFS Gathering Company, L.L.C.; Williams Field Services - Matagorda Offshore Company, LLC; Williams Gas Processing - Mid Continent Region Company; WFS-OCS Gathering Co.; HI-BOL Pipeline Company; Goebel Gathering Company, L.L.C.; Williams Petroleum Services, LLC; Longhorn Enterprises of Texas, Inc.; and Williams GP LLC.

(b) The second sentence of Section 1 of the Guaranty is hereby amended by adding at the end of such sentence the following proviso: "; provided that Guaranteed Obligations shall not include any increases which occur after the date hereof in the principal amount of the obligations under the Credit Documents (other than increases in the principal amount of such obligations that are provided for as of the date of the execution of this Agreement but not yet funded) and/or the commitments to advance funds or letters of credit thereunder".

(c) Section 8.01 of the Guaranty is hereby amended and restated in its entirety and replaced with the following:

"8.01. Amendments, Etc. Any amendment or waiver to this Guaranty shall be effective only if approved by Financial Institutions holding at least 51% of the principal amount of the Guaranteed Obligations at the time thereof and only in the specific instance and for the specific purpose for which given. Provided,

however, any amendment or waiver releasing any Guarantor from any liability hereunder shall require the unanimous consent of all Financial Institutions and be effective only in the specific instance and for the specific purpose for which given. Notwithstanding the foregoing, any release of a Guarantor as permitted in Section 5.2(e) of the L/C Credit Agreement and Section 5.02(l) of the Multiyear Williams Credit Agreement (without giving effect to any amendment or waiver of such Sections except such amendments or waivers that are unanimously approved under the terms of Section 9.1 of the L/C Credit Agreement and Section 8.01 of the Multiyear Williams Credit Agreement) shall not require any consent beyond compliance with the appropriate provisions set forth in such credit agreements. No Financial Institution may be removed as a beneficiary of this Guaranty without such Financial Institution's prior written consent."

(d) Section 8.06 of the Guaranty is hereby amended and restated in its entirety and replaced with the following:

"Section 8.06 Incorporated Definitions and Provisions. All defined terms and other provisions that are incorporated into this Guaranty by reference to other agreements shall incorporate into this Guaranty the provisions of such other agreements that exist as of the date hereof; however, such provisions shall be automatically modified herein by any amendment or modification that takes place after the date hereof in such other referenced agreement(s)."

(e) The following Section 8.08 is hereby added to the Guaranty:

"Section 8.08 Joinder. Pursuant to the terms of the Credit Documents certain Subsidiaries (hereafter referred to as the "Joining Subsidiaries") may desire to or be required to join this Guaranty as Guarantors. In connection with any such joinder the Joining Subsidiary shall execute and deliver (a) a joinder agreement substantially in the form of the joinder agreement attached hereto as Schedule I and (b) authorization documentation, corporate documentation, perfection documentation and opinion letters satisfactory to the Agent reflecting the status of such Joining Subsidiary and the enforceability of such agreements with respect to such Joining Subsidiary and reasonable opinions with respect to such Joining Subsidiary."

(f) A new Schedule I to the Security Agreement is hereby added which is the document attached as Schedule I hereto.

2. Conditions to Effectiveness. This Amendment shall be deemed effective (the "Effective Date") upon the satisfaction of the conditions precedent as set out in Section 3.1 of that certain Amended and Restated Credit Agreement, dated as of October 31, 2002, among Company and the Financial Institutions named therein, without giving effect to the terms of Section 3.3.

3. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

4. Reference to and Effect on the Guaranty. The amendments set forth herein are limited precisely as written and shall not be deemed to be a consent or waiver to, or modification of any other term or condition in the Guaranty or any of the documents referred to therein. Except as expressly amended and consented hereby, the terms and conditions of the Guaranty shall continue in full force and effect, and as amended hereby, the Guaranty is ratified and confirmed in all respects. On and after the Effective Date, the Guaranty shall be deemed to mean the Guaranty as amended hereby.

5. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Schedule I: Form of Joinder Agreement

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this amendment to be signed in their respective names.

AGENT:

CITIBANK, N.A., as Agent (as defined in the Guaranty)

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

AGENT AND COLLATERAL AGENT:

CITICORP USA, INC., as Agent and Collateral Agent

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

BANKS AND ISSUING BANKS:

CITIBANK N.A., as Issuing Bank

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

CITICORP USA, INC.

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA, as Canadian Issuing Bank and Bank

By:

Name:
Title:

BANK OF AMERICA, N.A., as Issuing Bank and Bank

By /s/ Claire M. Liu

Name: Claire M. Liu
Title: Managing Director

JP MORGAN CHASE BANK

By: /s/ Robert W. Traband

Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard

Name: Olivier Audemard
Title: Senior Vice President

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J. E. Feeley

Name: Carol J. E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Francis Chang

Name: Francis Chang
Title: Authorized Signatory

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),
As Co-Syndication Agent

By /s/ Robert W. Traband

Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG,
as Co-Syndication Agent

By /s/ Harry Yergey

Name: Harry Yergey
Title: Senior Vice Pres. and Manager

By /s/ Brian Campbell

Name: Brian Campbell
Title: Senior Vice President

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH
as Documentation Agent

By: /s/ Olivier Audemard

Name: Olivier Audemard
Title: Senior Vice President

BANKS:

CITICORP, USA, INC.

By /s/ Todd J. Mogil

Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ N. Bell

Name: N. Bell
Title: Senior Manager

BANK OF AMERICA, N.A.

By /s/ Claire M. Liu

Name: Claire M. Liu
Title: Managing Director

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By /s/ Jeanie C. Gonzalez

Name: Jeanie C. Gonzalez
Title: Director

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),

By /s/ Robert W. Traband

Name: Robert W. Traband
Title: Vice President

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN BRANCHES

By /s/ Brian Campbell

Name: Brian Campbell
Title: Senior Vice President

By /s/ W. David Suttles

Name: W. David Suttles
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard

Name: Olivier Audemard
Title: Senior Vice President

NATIONAL WESTMINSTER PLC

By: /s/ Charles Greer

Name: Charles Greer
Title: Senior Vice President

ABN AMRO BANK, N.V.

By /s/ Frank R. Russo, Jr.

Name: Frank R. Russo, Jr.
Title: Group Vice President

By /s/ Jeffrey G. White

Name: Jeffrey G. White
Title: Vice President

BANK OF MONTREAL

By /s/ Mary Lee Latta

Name: Mary Lee Latta
Title: Director

THE BANK OF NEW YORK

By /s/ Raymond J. Palmer

Name: Raymond J. Palmer
Title: Vice President

BARCLAYS BANK PLC

By /s/ Nicholas A. Bell

Name: Nicholas A. Bell
Title: Director, Loan Transaction Management

CIBC INC.

By /s/ George Knight

Name: George Knight
Title: Managing Director

CREDIT SUISSE FIRST BOSTON

By /s/ James P. Moran

Name: James P. Moran
Title: Director

By /s/ Ian W. Nalitt

Name: Ian W. Nalitt
Title: Associate

ROYAL BANK OF CANADA

By /s/ Peter Barnes

Name: Peter Barnes
Title: Senior Manager

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

By /s/ Kelton Glassock

Name: Kelton Glassock
Title: Vice President and Manager

By /s/ Jay Fort

Name: Jay Fort
Title: Vice President

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By /s/ Matthew W. Speh

Name: Matthew W. Speh
Title: Authorized Officer

SOCIETE GENERALE, SOUTHWEST AGENCY

By /s/ J. Douglas McMurrey, Jr.

Name: J. Douglas McMurrey, Jr.
Title: Managing Director

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Name: Jill Hall
Title: Vice President

UBS AG, STAMFORD BRANCH

By /s/ Kelly Smith

Name: Kelly Smith
Title: Director - Recovery Management

By David J. Kalal

Name: David J. Kalal
Title: Executive Director - Recovery Management

WELLS FARGO BANK TEXAS, N.A.

By /s/ J. Alan Alexander

Name: J. Alan Alexander
Title: Vice President

WESTLB AG, NEW YORK BRANCH

By /s/ Duncan M. Robertson

Name: Duncan M. Robertson
Title: Director

Name: Salvatore Battinelli
Title: Managing Director - Credit Department

CREDIT AGRICOLE INDOSUEZ

By /s/ Larry Materi

Name: Larry Materi
Title: Vice President

By /s/ Paul A. Dytrych

Name: Paul A. Dytrych
Title: Vice President, Senior Relationship Manager

SUNTRUST BANK

By /s/ Steven J. Newby

Name: Steven J. Newby
Title: Director

ARAB BANKING CORPORATION (B.S.C.)

By /s/ Robert J. Ivosevich

Name: Robert J. Ivosevich
Title: Deputy General Manager

By /s/ Barbara C. Sanderson

Name: Barbara C. Sanderson
Title: Vice President Head of Credit

BANK OF CHINA, NEW YORK BRANCH

By
Name:
Title:

BANK OF OKLAHOMA, N.A.

By

Name:
Title:

BNP PARIBAS, HOUSTON AGENCY

By /s/ Larry Robinson

Name: Larry Robinson
Title: Vice President

By /s/ Mark A. Cox

Name: Mark A. Cox
Title: Director

DZ BANK AG DEUTSCHE
ZENTRALGENOSSENSCHAFTSBANK, NEW YORK BRANCH

By /s/ Mark Connelly

Name: Mark Connelly
Title: Senior V.P.

By /s/ Richard W. Wilbert

Name: Richard W. Wilbert
Title: Vice President

KBC BANK N.V.

By /s/ Michael V. Curran

Name: Michael V. Curran
Title: First Vice President

By /s/ Diane M. Grimmig

Name: Diane M. Grimmig
Title: First Vice President

WACHOVIA BANK, N.A.

By: /s/ David E. Humphreys

Name: David E. Humphreys
Title: Vice President

MIZUHO CORPORATE BANK, LTD

By /s/ Jacques Azagury

Name: Jacques Azagury
Title: Senior Vice President and Manager

SUMITOMO MITSUI BANKING CORPORATION

By /s/ Leo E. Pagarigan

Name: Leo E. Pagarigan
Title: Senior Vice President

COMMERCE BANK, N.A.

By /s/ Dennis R. Block

Name: Dennis R. Block
Title: Senior Vice President

ROYAL BANK OF SCOTLAND

Name:
Title:

RZB FINANCE, LLC

By

Name:
Title:

WORTHINGTON GENERATION, L.L.C.

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS REFINING & MARKETING, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS PETROLEUM SERVICES, LLC

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS PETROLEUM PIPELINE SYSTEMS, INC.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS MID-SOUTH PIPELINES, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GENERATION COMPANY-HAZLETON

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Vice President

WILLIAMS OLEFINS, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS OLEFINS FEEDSTOCK PIPELINES, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS NATURAL GAS LIQUIDS, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MIDSTREAM NATURAL GAS LIQUIDS, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS MERCHANT SERVICES COMPANY, INC.

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS MEMPHIS TERMINAL, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GULF COAST GATHERING COMPANY, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GP, LLC

By: /s/ Don R. Wellendorf

Name: Don R. Wellendorf
Title: President and Chief Executive Officer

WILLIAMS GENERATING MEMPHIS, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS GAS PROCESSING - WAMSUTTER COMPANY.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS GAS PROCESSING - MID-CONTINENT
REGION COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES GROUP, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS FIELD SERVICES - MATAGORDA OFFSHORE
COMPANY, LLC

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS EXPRESS, INC. (DE)

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS EXPRESS INC. (AK)

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ETHANOL SERVICES, INC.

By: /s/ Paul W. Nelson

Name: Paul W. Nelson
Title: Treasurer

WILLIAMS ENERGY SERVICES, LLC

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WILLIAMS ENERGY MARKETING & TRADING COMPANY

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

WILLIAMS BIO-ENERGY, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WILLIAMS ALASKA PIPELINE COMPANY, L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

WILLIAMS ALASKA PETROLEUM, INC.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WILLIAMS ALASKA AIR CARGO PROPERTIES, L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Chief Executive Officer

WFS-OFFSHORE GATHERING COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-NGL PIPELINE COMPANY, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS-LIQUIDS COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS GATHERING COMPANY, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

WFS ENTERPRISES, INC.

By: /s/ Mary Jane Bittick

Name: Mary Jane Bittick
Title: Treasurer

WFS - PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

WFS - OCS GATHERING CO.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

NORTH PADRE ISLAND SPINDOWN, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MEMPHIS GENERATION, L.L.C.

By: /s/ William E. Hobbs

Name: William E. Hobbs
Title: President

MAPL INVESTMENTS, INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

MAPCO INC.

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

LONGHORN ENTERPRISES OF TEXAS, INC.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

JUAREZ PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

HI-BOL PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

GOEBEL GATHERING COMPANY, L.L.C.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Assistant Treasurer

GAS SUPPLY, L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill
Title: Senior Vice President

BLACK MARLIN PIPELINE COMPANY

By: /s/ Alan S. Armstrong

Name: Alan S. Armstrong
Title: Senior Vice President

SIGNATURE PAGE TO
FIRST AMENDMENT TO MIDSTREAM GUARANTY

SCHEDULE I
TO
GUARANTY

FORM OF JOINDER AGREEMENT

JOINDER AGREEMENT
(name of joining subsidiary)

[_________, _____]

This Joinder Agreement is entered into to join [Joining Subsidiary] as an additional guarantor to the Guaranty dated as of July 31, 2002 (as amended, supplemented or otherwise modified from time to time, the "Midstream Guaranty"), which was executed by THE WILLIAMS COMPANIES, INC. (the "Company"), a Delaware corporation, and certain Midstream Subsidiaries.

[Joining Subsidiary], a [_________ corporation] (the "Subsidiary"), hereby agrees with CITIBANK, N.A., as surety administrative agent for the Financial Institution (as such term is defined in the Midstream Guaranty) as follows:

All capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Credit Agreement, dated as of October 31, 2002, by and among The Williams Companies, Inc., the various lenders as are or may become parties thereto; the Issuing Banks, and Citicorp USA, Inc., as Agent and Collateral Agent (as further amended, modified, supplemented, renewed, extended or restated from time to time, the "Credit Agreement").

In accordance with the terms of the Credit Documents and the Midstream Guaranty (collectively, the "Security Documents"), the Subsidiary hereby (a) joins the Midstream Guaranty as a party thereto and assumes all the obligations of a Guarantor thereunder, (b) agrees to be bound by the provisions of the Midstream Guaranty as if the Subsidiary had been an original party to the Midstream Guaranty, and (c) confirms that, after joining the Midstream Guaranty as set forth above, the representations and warranties set forth in each of the Credit Documents with respect to the Subsidiary are true and correct in all material respects as of the date of this Joinder Agreement.

For purposes of notices under the Security Documents, the notice address for the Subsidiary may be given to the Subsidiary by providing notice addressed to [Subsidiary' Name] c/o The Williams Companies, Inc., in any manner that notice is permitted to be given to the Company pursuant to the terms of the Credit Agreement.

THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN WITNESS WHEREOF this Joinder Agreement is executed and delivered as of the ___ day of ____________, _____.

[Joining Subsidiary]

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

EXHIBIT 10.9
EXECUTION COPY

AMENDED AND RESTATED SUBORDINATED GUARANTY

This Amended and Restated Subordinated Guaranty, dated as of October 31, 2002 (amending and restating the Subordinated Guaranty dated as of July 31, 2002 (the "Existing Subordinated Guaranty") and as may be further amended, modified, supplemented, renewed, extended or restated from time to time, this "Guaranty"), is by Williams Production Holdings LLC, a Delaware limited liability company ("Guarantor"), in favor of the Financial Institutions (as defined below). Capitalized terms used in this Guaranty but not defined herein shall have the meanings set forth for such terms in the Amended and Restated Credit Agreement dated as of October 31, 2002, executed by The Williams Companies, Inc., as borrower (the "Company"), Citicorp USA, Inc., as agent and collateral agent, Bank of America N.A. as syndication agent, Citibank, N.A. and Bank of America N.A. as issuing bank, Salomon Smith Barney Inc., as arranger, and the banks named therein (as the same may be further modified, replaced, refinanced, amended or supplemented from time to time, the "New Credit Agreement").

INTRODUCTION

A. The Company and certain of its Subsidiaries (i) have entered into certain financing transactions with and (ii) prior to the date hereof, have caused certain other existing letters of credit to be issued by, certain lenders, financial institutions and other investors (such lenders, financial institutions and investors, and, to the extent any such financing transaction consists of or includes a guaranty provided by the Company and/or its Subsidiaries, each of the beneficiaries of such guaranty (as set forth therein) and each of the entities more fully described on Schedule II attached hereto collectively, the "Financial Institutions;" provided, however, except as expressly noted on Schedule II, neither the Company nor any of its Subsidiaries shall be a deemed a "Financial Institution;" and provided further, no such lender, financial institution or investor shall be deemed a "Financial Institution" hereunder until such lender, financial institution or investor, or an authorized representative of such lender, financial institution or investor, (A) executes this Guaranty or (B) expressly acknowledges in an instrument as of even date herewith and to which the Senior Agent is named a third party beneficiary that any claims under this Guaranty shall be subject to the subordination provisions contained in Section 7 hereof). Such financing transactions, including those entered into in connection with the New Credit Agreement, and the existing letters of credit are documented by certain credit, security, letter of credit and guaranty documents, all as more fully set forth on Schedule I attached hereto (collectively, as the same may be modified, replaced, refinanced, amended or supplemented from time to time, "Credit Documents"). "Borrowers" as used herein shall mean the borrowers or guarantors under any one or more of the Credit Documents.

B. It is a condition to certain transactions under the Credit Documents that the Guarantor shall have executed and delivered this Guaranty.

C. From time to time the Company has made capital contributions and advances to the

Guarantor. The Guarantor is a wholly owned Subsidiary of the Company and will derive substantial direct or indirect benefit from the transactions contemplated by the Credit Documents.

NOW, THEREFORE, the parties hereto have agreed to amend and restate the Existing Subordinated Guaranty, and the Existing Subordinated Guaranty is hereby amended and restated in its entirety as follows:

In order to induce the Financial Institutions to extend certain financing transactions and letters of credit described in the Credit Documents, the Guarantor hereby agrees for the ratable benefit of the Financial Institutions as follows:

Section 1. Guaranty. Guarantor hereby unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the obligations and indebtedness of the Company under the Credit Documents (such obligations being referred to herein as the "Guaranteed Obligations"); provided that Guaranteed Obligations shall not include any increases which occur after the date hereof in the principal amount of the obligations under the Credit Documents (other than increases in the principal amount of such obligations that are provided for as of the date of the execution of this Agreement but not yet funded) and/or the commitments to advance funds or letters of credit thereunder. Without limiting the generality of the foregoing, Guarantor's liability shall extend to all amounts which constitute part of the Guaranteed Obligations even if such Guaranteed Obligations are declared unenforceable or not allowable in a bankruptcy, reorganization, or similar proceeding involving a Borrower, or any guarantor of any portion of the foregoing Guaranteed Obligations (collectively such guarantors together with the Guarantor and the Borrowers are referred to herein as the "Obligors"). This Guaranty is a guarantee of payment, not of collection, and Guarantor is primarily liable for the payment of the Guaranteed Obligations.

Section 2. Limit of Liability. The liabilities and obligations of the Guarantor hereunder shall be limited to an aggregate amount equal to the largest amount that would not render such Guarantor's obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

Section 3. Guaranty Absolute. Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the Credit Documents, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Financial Institution with respect thereto. The obligations of Guarantor under this Guaranty are independent of the Guaranteed Obligations in each and every particular, and a separate action or actions may be brought and prosecuted against any other Obligor, or any other Person regardless of whether any other Obligor or any other Person is joined in any such action or actions. The liability of Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(a) The lack of validity or unenforceability of the Guaranteed Obligations or any Credit Document (other than this Guaranty against the Guarantor) for any reason whatsoever,

including that the act of creating the Guaranteed Obligations is ultra vires, that the officers or representatives executing the documents creating the Guaranteed Obligations exceeded their authority, that the Guaranteed Obligations violate usury or other laws, or that any Obligor has defenses to the payment of the Guaranteed Obligations, including breach of warranty, statute of frauds, bankruptcy, statute of limitations, lender liability, or accord and satisfaction;

(b) Any change in the time, manner, or place of payment of, or in any term of, any of the Guaranteed Obligations, any increase, reduction, extension, or rearrangement of the Guaranteed Obligations, any amendment, supplement, or other modification of the Credit Documents, or any waiver or consent granted under the Credit Documents, including waivers of the payment and performance of the Guaranteed Obligations;

(c) Any release, exchange, subordination, waste, or other impairment (including negligent impairment) of any collateral securing payment of the Guaranteed Obligations; the failure of any Financial Institution or any other person to exercise diligence or reasonable care in the preservation, protection, enforcement, sale, or other handling of the collateral; the fact that any security interest, lien, or assignment related to any collateral for the Guaranteed Obligations shall not be properly perfected, or shall prove to be unenforceable or subordinate to any other security interest, lien, or assignment;

(d) Any full or partial release of any Obligor (other than the full or partial release of the Guarantor);

(e) The failure to apply or the manner of applying collateral or payments of the proceeds of collateral against the Guaranteed Obligations;

(f) Any change in the organization or structure of any Obligor; any change in the shareholders, directors, or officers of any Obligor; or the insolvency, bankruptcy, liquidation, or dissolution of any Obligor or any defense that may arise in connection with or as a result of any such insolvency, bankruptcy, liquidator or dissolution;

(g) The failure to give notice of any extension of credit made by any Financial Institution to any Obligor, notice of acceptance of this Guaranty, notice of any amendment, supplement, or other modification of any Credit Document, notice of the execution of any document or agreement creating new Guaranteed Obligations, notice of any default or event of default, however denominated, under the Credit Documents, notice of intent to demand, notice of demand, notice of presentment for payment, notice of nonpayment, notice of intent to protest, notice of protest, notice of grace, notice of dishonor, notice of intent to accelerate, notice of acceleration, notice of bringing of suit, notice of any Financial Institution's transfer of the Guaranteed Obligations, notice of the financial condition of or other circumstances regarding any Obligor, or any other notice of any kind relating to the Guaranteed Obligations;

(h) Any payment or grant of collateral by any Obligor to any Financial Institution being held to constitute a preference under bankruptcy laws, or for any reason any Financial Institution is required to refund such payment or release such collateral;

(i) Any other action taken or omitted which affects the Guaranteed Obligations, whether or not such action or omission prejudices the Guarantor or increases the likelihood that the Guarantor will be required to pay the Guaranteed Obligations pursuant to the terms hereof;

(j) The fact that all or any of the Guaranteed Obligations cease to exist by operation of law, including, without limitation, by way of discharge, limitation or tolling thereof under applicable bankruptcy laws; and

(k) Any other circumstances which might otherwise constitute a defense available to, or a discharge of any Obligor (other than the discharge of the Guarantor).

Section 4. Financial Institutions' Rights and Certain Waivers.

4.01 Notice and Other Remedies. Guarantor hereby waives promptness, diligence, notice of acceptance, notice of acceleration, notice of intent to accelerate, and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Financial Institution protect, secure, perfect or insure any security interest or other Lien or any property subject thereto or exhaust any right to take any action against any Obligor or any other Person or any collateral.

4.02. Waiver of Subrogation and Contribution. (a) Until such time as the Guaranteed Obligations are irrevocably paid in full, Guarantor hereby irrevocably waives any claim or other rights which it may acquire against any Obligor that arise from the Guarantor's Guaranteed Obligations under this Guaranty or any other Credit Document, including, without limitation, any right of subrogation (including, without limitation, any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. Section 509), reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of any Financial Institution against any Obligor, or any collateral which any Financial Institution now has or acquires. If any amount shall be paid to Guarantor in violation of the preceding sentence and the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of the Financial Institutions, and shall promptly be paid to the Financial Institutions to be applied to the Guaranteed Obligations, whether matured or unmatured. Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Credit Documents and that the waiver set forth in this Section 4.02(a) is knowingly made in contemplation of such benefits.

(b) Guarantor agrees that, to the extent that any Borrower makes payments to any Financial Institution, or any Financial Institution receives any proceeds of collateral, and such payments or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, or otherwise required to be repaid, then to the extent of such repayment the Guaranteed Obligations shall be reinstated and continued in full force and effect as of the date such initial payment or collection of proceeds occurred. GUARANTOR SHALL INDEMNIFY EACH FINANCIAL INSTITUTION AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS AND EMPLOYEES FROM, AND DISCHARGE, RELEASE, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL ACTUAL LOSSES, LIABILITIES, GUARANTEED OBLIGATIONS, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS OR DAMAGES TO WHICH ANY OF THEM MAY BECOME SUBJECT,

INSOFAR AS SUCH LOSSES, LIABILITIES, GUARANTEED OBLIGATIONS, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS OR DAMAGES ARISE OUT OF OR RESULT FROM (I) ANY ACTUAL OR PROPOSED USE BY ANY BORROWER, OR ANY AFFILIATE OF ANY BORROWER OF THE PROCEEDS OF ANY ADVANCE, (II) ANY BREACH BY GUARANTOR OF ANY PROVISION OF THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT, (III) ANY INVESTIGATION, LITIGATION OR OTHER PROCEEDING (INCLUDING ANY THREATENED INVESTIGATION OR PROCEEDING) RELATING TO THE FOREGOING, OR (IV) ANY ENVIRONMENTAL CLAIM OR REQUIREMENT OF ENVIRONMENTAL LAWS CONCERNING OR RELATING TO THE PRESENT OR PREVIOUSLY-OWNED OR OPERATED PROPERTIES, OR THE OPERATIONS OR BUSINESS, OF ANY OBLIGOR, AND GUARANTOR SHALL REIMBURSE EACH FINANCIAL INSTITUTION, AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS AND EMPLOYEES, UPON DEMAND FOR ANY REASONABLE OUT-OF-POCKET EXPENSES (INCLUDING LEGAL FEES) INCURRED IN CONNECTION WITH ANY SUCH INVESTIGATION, LITIGATION OR OTHER PROCEEDING; AND EXPRESSLY INCLUDING ANY SUCH LOSSES, LIABILITIES, GUARANTEED OBLIGATIONS, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS, DAMAGES, OR EXPENSE INCURRED BY REASON OF THE PERSON BEING INDEMNIFIED'S OWN NEGLIGENCE, BUT EXCLUDING ANY SUCH LOSSES, LIABILITIES, GUARANTEED OBLIGATIONS, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, DISBURSEMENTS, CLAIMS, DAMAGES OR EXPENSES INCURRED BY REASON OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PERSON TO BE INDEMNIFIED. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ANY PAYMENTS DUE WITH RESPECT TO THIS SECTION 4.02(b) SHALL BE SUBJECT TO THE PRIOR PAYMENT IN FULL OF THE SENIOR OBLIGATIONS.

4.03. Modifications and Amendment to the Credit Documents. As provided in Section 1 above, certain increases in the principal indebtedness outstanding under the Credit Documents shall not constitute Guaranteed Obligations. Except as to the foregoing, the parties to the Credit Documents shall have the right to amend or modify such Credit Agreements without affecting the rights provided for in this Guaranty.

4.04 Limitation on Enforcement. By acceptance of the benefits provided hereunder, each Financial Institution acknowledges and agrees that it will not file, or join in or support the filing of, an involuntary proceeding or petition in bankruptcy against Guarantor; provided such restriction shall not limit any Financial Institution from making claims in or taking any other actions in connection with any such proceeding which takes place.

Section 5. Representations and Warranties. Guarantor hereby represents and warrants as follows:

(a) Business Existence. Guarantor is duly organized, validly existing, and in good standing under the laws of Delaware and is in good standing and qualified to do business in each jurisdiction where its ownership or lease of property or conduct of its business requires such qualification and where a failure to be qualified could reasonably be expected to cause a material adverse effect.

(b) Power. The execution, delivery, and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereby (a) are within Guarantor's limited liability company powers, (b) have been duly authorized by all necessary limited liability company action, and (c) do not contravene (i) Guarantor's certificate of formation or limited liability company agreement or (ii) any law or any contractual restriction binding on or affecting Guarantor or its property.

(c) Authorization and Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Guarantor of this Guaranty or the consummation of the transactions contemplated hereby.

(d) Enforceable Obligations. This Guaranty has been duly executed and delivered by Guarantor. This Guaranty is the legal, valid, and binding obligation of Guarantor and is enforceable against Guarantor 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.

(e) Solvency. After giving effect to this Guaranty and the concurrent amendments to various financing arrangements and agreements of the Company and its Subsidiaries and the asset sales by the Company and/or its Subsidiaries that were consummated by the Company on or about July 31, 2002, Guarantor, individually and together with its Subsidiaries, is Solvent.

Section 6. Covenants.

(a) In the event that a Financial Institution wishes to enforce the guarantee contained in Section 1 hereof against Guarantor, then subject in all cases to Section 7 below, it shall make written demand for payment from Guarantor, provided that no such demand shall be required if Guarantor is in bankruptcy, liquidation, or other insolvency proceedings, and provided that failure by a Financial Institution to make such demand shall not affect Guarantor's obligations under this Guaranty.

(b) From and after the repayment in full of the Senior Obligations, the following shall apply: All indebtedness of Guarantor to another Obligor or any Borrower or any Subsidiary of a Borrower shall be subordinated to all indebtedness of Guarantor to any Financial Institution under any of the Credit Documents (the "Designated Indebtedness"), as follows:

(i) In the event of any insolvency or bankruptcy proceedings, or any receivership liquidation, reorganization, or other similar proceedings in connection therewith, relative to Guarantor, or to its property, or in the event of any proceedings for voluntary liquidation, dissolution, or other winding up of Guarantor, whether or not involving insolvency or bankruptcy, then the holders of the Designated Indebtedness shall be entitled to receive payment in full of all Designated Indebtedness before any Obligor or any Subsidiary of a Borrower shall receive any payment on account of principal or interest due such Person from Guarantor;

(ii) After the occurrence and during the continuance of any default or event of default, however denominated, under any Credit Document (an "Event of Default"), Guarantor shall not exercise or attempt to exercise any right of offset or counterclaim in respect of any of its obligations to any other Obligor or any Subsidiary of a Borrower if the effect thereof shall be to reduce the amount of any payment to which the holders of

Designated Indebtedness would be entitled in the absence of such offset or counterclaim; and if and to the extent that, notwithstanding the foregoing, Guarantor is required by any mandatory provisions of law to exercise any such right of offset or counterclaim, each reduction of the amount owing on the account of the principal of or premium (if any) or interest owed to any Obligor or any Subsidiary of a Borrower by reason of such offset or counterclaim shall be deemed to be a payment by Guarantor in a like amount in respect of such amounts which clause (iv) below shall apply;

(iii) Following the occurrence and during the continuance of any Event of Default, (A) payment of the principal or interest upon any indebtedness owed to any Obligor or any Subsidiary of a Borrower shall not be made thereunder until payment in full of all Designated Indebtedness has been made and (B) the holders of the Designated Indebtedness shall be entitled to receive payment in full of all Designated Indebtedness prior to the entitlement of any Obligor or any Subsidiary of a Borrower to receive any payment of the principal or interest (except for payments which have been made prior to the occurrence of such event of default);

(iv) If, notwithstanding the provisions of the foregoing subparagraphs (i) through (iii), any payment or distribution on any indebtedness shall be received by Guarantor or any Obligor or any Subsidiary of a Borrower while an Event of Default exists and before the holders of the Designated Indebtedness shall have received payment in full on all Designated Indebtedness, such payment or distribution shall be (and shall be deemed to be) held in trust for the benefit of, and shall be paid over or delivered or transferred to, the holders of the Designated Indebtedness for application to the payment of all Designated Indebtedness held by such holder to the extent necessary to satisfy such Designated Indebtedness; and

(v) No present or future holder of Designated Indebtedness shall be prejudiced in its right to enforce subordination of any Obligor or any Subsidiary of a Borrower by any act or failure to act on the part of Guarantor whether or not such act or failure shall give rise to any right of rescission or other claim or cause of action on the part of Guarantor or any Borrower or any Subsidiary of a Borrower. The provisions of the foregoing paragraphs with respect to subordination are solely for the purpose of defining the relative rights of the holders of Designated Indebtedness on the one hand, and any Obligor or any Subsidiary of a Borrower on the other hand, and none of such provisions shall impair, as between Guarantor and any Obligor or any Subsidiary of a Borrower, the obligation of Guarantor, which is unconditional and absolute, to pay to any Obligor or any Subsidiary of a Borrower the principal and interest of any indebtedness in accordance with its terms, nor shall anything in such provisions prevent any other Obligor or any Subsidiary of a Borrower from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights of holders of Designated Indebtedness under such provisions.

The terms of Section 6(b) shall not be applicable during the period that the Senior Obligations remain outstanding.

(c) The Guarantor will not 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 any right to receive income except pursuant to documents entered into in connection with the Senior Credit Documents or as otherwise permitted therein.

(d) The Guarantor will not create, incur, assume or suffer to exist any Debt other than Debt that (i) is created pursuant to this Guaranty, (ii) constitutes Senior Obligations or (iii) is permitted pursuant to the Senior Credit Documents.

(e) The Guarantor will not create, incur, assume or suffer to exist any obligation or liability other than (i) Debt permitted under clause (d) above and (ii) any obligation or liability that is permitted pursuant to the Senior Credit Documents on the date hereof.

Section 7. Subordination.

(a) By acceptance of this Guaranty, whether by execution on or about the date hereof or acceptance in an instrument of even date herewith, each Financial Institution hereby acknowledges that payments made by the Guarantor under this Guaranty with respect to the Guaranteed Obligations shall be subordinated to all of the Senior Obligations (as defined below), and that the Guarantor shall not make payments to the Financial Institutions under this Guaranty with respect to the Guaranteed Obligations in whole or in part until the Senior Obligations have been paid in full. No Financial Institution shall accept any payment from the Guarantor of or on account of any Guaranteed Obligations at any time in contravention of the foregoing. Upon the occurrence and during the continuance of any default or event of default, however denominated, under any Credit Document or the Senior Credit Agreement (as defined below) (an "Event of Default"), each Financial Institution shall pay to the Senior Agent (as defined below) any payment made by Guarantor pursuant to this Guaranty of all or any part of the Guaranteed Obligations and any amount so paid to the Senior Agent shall be applied to payment of the Senior Obligations. Each payment made by Guarantor pursuant to this Guaranty on the Guaranteed Obligations received in violation of any of the provisions hereof shall be deemed to have been received by the Financial Institutions as trustee for the Senior Agent and shall be paid over to the Senior Agent immediately on account of the Senior Obligations. The Financial Institutions agree not to ask, demand, sue for, take or receive from Guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner (including, without limitation, from or by way of collateral), any payment by the Guarantor under this Guaranty unless and until the Senior Obligations are paid in full. Senior Agent is hereby authorized to demand specific performance by the Financial Institutions of its agreements set forth in this Section at any time the Financial Institutions shall have failed to comply with any of the provisions of this Section. The Financial Institutions hereby irrevocably waive any defense based on the adequacy of remedies at law, which might be asserted as a bar to such remedy of specific performance.

(b) The Financial Institutions shall only be entitled to take any remedial or enforcement actions against the Guarantor under this Guaranty upon or after the earliest to occur of (i) the payment in full of all Senior Obligations or (ii) the taking of any remedial or enforcement remedy by the Senior Agent.

(c) As used in this Guaranty, the following terms shall have the following meanings:

"Senior Agent" means the administrative agent under the Senior Credit Agreement.

"Senior Credit Agreement" means that certain Credit Agreement, dated as of July 31, 2002, among The Williams Companies, Inc., a Delaware corporation, Williams Production Holdings LLC, a Delaware limited liability company, Williams Production RMT Company, a Delaware corporation, the Lenders party thereto from time to time, Lehman Brothers Inc., as Arranger, and Lehman Commercial Paper Inc., as Syndication Agent and as Administrative Agent, as amended, supplemented or otherwise modified from time to time.

"Senior Credit Documents" means the Senior Credit Agreement, the Senior Guaranty, all other Loan Documents (as defined in the Senior Credit Agreement) and all other documents evidencing or creating any Senior Obligations, and all documents and instruments delivered in connection with or pursuant thereto or under which rights or remedies with respect to any of the foregoing are governed, as any such document or instrument may from time to time be amended, renewed, restated, replaced, refinanced, supplemented or otherwise modified.

"Senior Guaranty" means the guaranty of the Guarantor under that certain Guarantee and Collateral Agreement, dated as of July 31, 2002, by Williams Production RMT Company, the Guarantor and each of the other signatories thereto in favor of the Senior Agent.

"Senior Obligations" means all obligations of the Guarantor under the Senior Credit Documents, and all other amounts, obligations, covenants and duties owing by the Guarantor to any lender under the Senior Credit Documents.

Section 8. Miscellaneous.

8.01. Amendments, Etc. No amendment or waiver of any provision of this Guaranty nor consent to any departure by any the Guarantor therefrom shall be effective unless the same shall be in writing and signed by the Financial Institutions holding at least 51% of the principal amount of the Guaranteed Obligations at the time thereof and shall be effective only in the specific instance and for the specific purpose for which given. In addition to the foregoing and so long as the Senior Obligations remain outstanding, no amendment or waiver of (i) Section 7 of this Guaranty or (ii) any other provision of this Guaranty that could have an adverse effect on the Guarantor's performance of the Senior Credit Documents, the prepayment or repayment of the Senior Obligations or the Senior Agent's rights hereunder shall be effective unless the same shall be in writing and signed by the Senior Agent and shall be effective only in the specific instance and for the specific purpose for which given. Provided, however, that any amendment or waiver releasing the Guarantor from any liability hereunder shall require the unanimous consent of all Financial Institutions and be effective only in the specific instance and for the specific purpose for which given. No Financial Institution may be removed as a beneficiary of this Guaranty without such Financial Institution's prior written consent.

8.02. Addresses for Notices. All notices and other communications to Guarantor shall be delivered to the address set forth beneath its signature on the signature page hereto, or to such other address as shall be designated by the Guarantor by written notice to all of the Financial Institutions. All notices and other communications provided for under this Guaranty shall be in writing (including telecopy communication), shall be mailed, telecopied, or delivered, and shall, when mailed or telecopied, be effective when received in the mail or sent by telecopier.

8.03. No Waiver; Remedies. No failure on the part of any Financial Institution to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

8.04. Right of Set-Off. From and after the repayment in full of the Senior Obligations, the following shall apply: Upon the occurrence and during the continuance of any default or event of default however described under a Credit Document, each Financial Institution party to such Credit Document is hereby authorized at any time, to the fullest extent permitted by law, to set off and apply any deposits (general or special, time or demand, provisional or final) and other indebtedness owing by such Financial Institution to the accounts of the Guarantor against any and all of the obligations of the Guarantor under this Guaranty, irrespective of whether or not such Financial Institution shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Each Financial Institution agrees promptly to notify the Guarantor after any such set-off and application made by such Financial Institution provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Financial Institutions under this Section 8.04 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Financial Institutions may have.

8.05. Continuing Guaranty; Assignments under Credit Documents. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the indefeasible payment in full of the Guaranteed Obligations and all other amounts payable under this Guaranty, (b) be binding upon Guarantor and its respective successors and assigns, (c) inure to the benefit of, and be enforceable by, each of the Financial Institutions and their respective successors, transferees and assigns, and (d) not be terminated by Guarantor or any other Person. Without limiting the generality of the foregoing clause (c), any Financial Institution may assign or otherwise transfer all or any portion of its rights and Guaranteed Obligations and the assignee shall thereupon become vested with all the benefits in respect thereof granted to such Financial Institution herein or otherwise. Upon the indefeasible payment in full and termination of the Guaranteed Obligations, each guaranty granted hereby shall terminate and all rights hereunder shall revert to the Guarantor to the extent such rights have not been applied pursuant to the terms hereof. Upon any such termination, each Financial Institution will, at Guarantor's expense, execute and deliver to Guarantor such documents as Guarantor shall reasonably request and take any other actions reasonably requested to evidence or effect such termination. This Guaranty is not assignable by Guarantor without the written consent of each Financial Institution.

8.06 Incorporated Definitions. All defined terms that are incorporated from other agreements into this Guaranty by reference shall have the meanings assigned to such terms as of the date hereof but shall not be modified by any subsequent amendment or modification that takes place after the date hereof unless consented to by the parties hereto.

8.07. Governing Law; Submission to Jurisdiction; Suits and Claims.

(a) This Guaranty shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, except to the extent provided in Section 8.07(b) hereof and to the extent that the federal laws of the United States of America may otherwise apply.

(b) Notwithstanding anything in Section 8.07(a) hereof to the contrary, nothing in this Guaranty shall be deemed to constitute a waiver of any rights which any of the Financial Institutions may have under the National Bank Act or other federal law, including without limitation the right to charge interest at the rate permitted by the laws of the State where the applicable Financial Institution is located.

(c) ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY CREDIT DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE FINANCIAL INSTITUTIONS OR GUARANTOR IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS SET FORTH BENEATH ITS SIGNATURE ON THE SIGNATURE PAGE HERETO. GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE CREDIT DOCUMENTS.

(d) GUARANTOR AND THE FINANCIAL INSTITUTIONS HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

(e) The provisions set forth in this Guaranty shall only be enforceable by the Financial Institutions and their respective successors and assigns, and no other Person shall have the right to bring any claim or cause of action based on this Guaranty.

8.08. Effectiveness. This Guaranty shall be deemed effective as of July 31, 2002 (the "Effective Date") upon the satisfaction of the conditions precedent as set out in Section 3.1 of the New Credit Agreement, without giving effect to the terms of Section 3.3.

Guarantor has caused this Guaranty to be duly executed as of the date first above written.

WILLIAMS PRODUCTION HOLDINGS LLC,
as Guarantor

By: /s/ Ralph A. Hill
Name: Ralph A. Hill
Title: Senior Vice President

Each of the entities reflected on the following ten (10) pages is executing this Guaranty as a Financial Institution party to the Amended and Restated Credit Agreement dated as of October 31, 2002 among the Company and the Financial Institutions named therein:

AGENT AND COLLATERAL AGENT:

CITICORP USA, INC., as Agent and
Collateral Agent

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

BANKS AND ISSUING BANKS:

CITIBANK N.A., as Issuing Bank

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

CITICORP USA, INC.

By: /s/ Todd J. Mogil
Name: Todd J. Mogil
Title: Vice President

THE BANK OF NOVA SCOTIA. as Canadian
Issuing Bank and Bank

By:
Name:
Title:

BANK OF AMERICA, N.A., as Issuing Bank
and Bank

By: /s/ Claire M. Liu
Name: Claire M. Liu
Title: Managing Director

JP MORGAN CHASE BANK

By: /s/ Robert W. Traband
Name: Robert W. Traband
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall
Name: Jill Hall
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audermard
Name: Olivier Audermard
Title: Senior V.P.

MERRILL LYNCH CAPITAL CORP.

By: /s/ Carol J.E. Feeley
Name: Carol J.E. Feeley
Title: Vice President

LEHMAN COMMERCIAL PAPER, INC.

By: /s/ Francis Chang
Name: Francis Chang
Title: Authorized Signatory

SCHEDULE I
CREDIT DOCUMENTS

NEW CREDIT FACILITY:

Amended and Restated Credit Agreement dated as of October 31, 2002 executed by The Williams Companies, Inc., as borrower, Citicorp USA, Inc., as agent and collateral agent, Bank of America N.A. as syndication agent, Citibank, N.A. and Bank of America N.A. as issuing bank, Salomon Smith Barney Inc., as arranger, and the banks named therein.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with the foregoing.

PROGENY AGREEMENTS

Parent Support Agreement dated as of December 23, 1998, made by The Williams Companies, Inc. in favor of Castle Associates L. P. and Colchester LLC and the other Indemnified Persons listed therein, as amended (the "Castle Parent Support Agreement"). Notwithstanding anything in the Guaranty to the contrary, for purposes of Section 8.01 of the Guaranty, the principal amount of this Progeny Facility shall equal the outstanding Unrecovered Capital of the Limited Partner plus all accrued and undistributed First Priority Return to be distributed to the Limited Partner in accordance with Section 4.01(a) of the Castle Partnership Agreement plus all other amounts then due and payable to the Limited Partner. As used herein, "Castle Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Castle Associates L.P., dated as of December 23, 1998, by and among Garrison, L.L.C., a Delaware limited liability company, Laughton, L.L.C., a Delaware limited liability company, and Colchester LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time. Capitalized terms used in this paragraph but not otherwise defined herein or in the Guaranty shall have the meanings ascribed in the Castle Partnership Agreement.

First Amended and Restated Term Loan Agreement dated as of October 31, 2002, among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A. (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended by the

Consent and First Amendment dated as of July 31, 2002 and the Consent and Second Amendment dated as of October 31, 2002. Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security National Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada N.A., (successor by merger to First Security Trust company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended by the Consent and First Amendment dated as of July 31, 2002 and the consent and Second Amendment dated as of October 31, 2002.

$200,000,000 Term Loan Agreement dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and Mizuho Corporate Bank, Ltd., f/k/a The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

Joint Venture Sponsor Agreement dated as of December 28, 2000, among The Williams Companies, Inc., as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended. Notwithstanding anything in the Guaranty to the contrary, for purposes of Section 8.01 of the Guaranty, the outstanding amount of this Progeny Facility shall equal the outstanding Capital Contribution of the Joint Venture Class B Member (each as defined in the Snow Goose Company Agreement) plus the accrued and unpaid Class B Amount (as defined in the Snow Goose Company Agreement) plus all other amounts then due and payable to the Joint Venture Class B Member. As used herein, "Snow Goose Company Agreement" means the Amended and Restated Company Agreement of Snow Goose Associates, L.L.C., a Delaware limited liability company, Prairie Wolf Investors, L.L.C., a Delaware limited liability company, and Snow Goose Associates, L.L.C., a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended.

$127,000,000 Master Agreement dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of The Williams Companies, Inc., as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent and the Lenders named therein, as amended.

PPH Sponsor Agreement dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other

Indemnified Persons listed in the agreement, as amended (the "PPH Company Agreement"). Notwithstanding anything in the Guaranty to the contrary, for purposes of Section 8.01 of the Guaranty, the outstanding amount of this Progeny Facility shall equal the outstanding Contributed Capital of the Class B Preferred Member (each as defined in the PPH Company Agreement) plus the accrued and unpaid Class B Priority Return (as defined in the PPH Company Agreement) plus all other amounts then due and payable to the Class B Preferred Member. As used herein, "PPH Company Agreement" means the Amended and Restated Limited Liability Company Agreement of Piceance Production Holdings LLC, dated as of December 31, 2001, by and among, Williams Production RMT Company, a Delaware corporation, Bison Royalty LLC, a Delaware limited liability company, Plowshare Investors LLC, a Delaware limited liability company, and Piceance Production Holdings LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

Amended and Restated LLC Loan Agreement dated as of June 9, 2000 among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, and the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions thereto, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with any of the foregoing.

LEGACY L/Cs

See Attachment 1 attached hereto.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with the letters of credit described on Attachment 1.

ATTACHMENT 1

[TO BE ATTACHED]

SCHEDULE II

NEW CREDIT AGREEMENT

1. Citicorp USA, Inc., as Agent on behalf of the Lenders party to that certain Amended and Restated Credit Agreement dated as of October 31, 2002 by and among The Williams Companies, Inc. as Borrower, the Lenders party thereto, Citibank, N.A., Bank of America N.A. and The Bank of Nova Scotia as Issuing Banks, Bank of America N.A. as Syndication Agent, Salomon Smith Barney Inc. as Arranger, and Citicorp USA, Inc., as Agent and Collateral Agent.

PROGENY FACILITIES

1. Castle Associates L.P.* and Colchester LLC and the other Indemnified Persons (as defined in the Castle Parent Support Agreement) and Guaranteed Parties (as defined in the Castle Parent Support Agreement) as parties to or beneficiaries of the Castle Parent Support Agreement and related transaction documents.

2. Credit Lyonnais New York Branch, as Administrative Agent on behalf of the Lenders party to the First Amended and Restated Term Loan Agreement dated as of October 31, 2002 among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

3. First Security Bank, N.A. as Certificate Trustee on behalf of the Certificate Holders, Wells Fargo Bank Nevada, N.A., as Collateral Agent, and Bank of America, N.A., as Administrative Agent and Administrator under that certain Second Amended and Restated Participation Agreement, dated as of January 28, 2002, among Williams Oil Gathering, L.L.C., as Lessee, Williams Field Services Company, as Construction Agent, The Williams Companies, Inc., as Guarantor, First Security Bank, N.A. as Certificate Trustee, the Certificate Holders party thereto, Wells Fargo Bank Nevada, N.A., as Collateral Agent, Bank of America, N.A., as Administrative Agent and Administrator, as amended.

4. First Security Bank, N.A. as Certificate Trustee on behalf of the Certificate Holders, Wells Fargo Bank Nevada, N.A., as Collateral Agent, and Bank of America, N.A., as Administrative Agent and Administrator under that certain Second Amended and Restated Participation Agreement, dated as of January 28, 2002, among Williams Field Services - Gulf Coast Company, L.P., as Lessee, Williams Field Services Company, as Construction Agent, The Williams Companies, Inc., as Guarantor, First Security Bank, N.A. as Certificate Trustee, the Certificate Holders party thereto, Wells Fargo Bank Nevada, N.A., as Collateral Agent, Bank of America, N.A., as Administrative Agent and Administrator, as amended.

5. Mizuho Corporate Bank, Ltd., f/k/a The Fuji Bank, Limited, as Administrative Agent on behalf of the Banks party to the $200,000,000 Term Loan Agreement, dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and Mizuho Corporate

Bank, Ltd., f/k/a The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

6. Prairie Wolf Investors, L.L.C. and Snow Goose Associates, L.L.C*. and the other Indemnified Persons (as defined in the Joint Venture Sponsor Agreement) as parties to or beneficiaries of that certain Joint Venture Sponsor Agreement, dated as of December 28, 2000, among The Williams Companies, Inc., as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C., Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended, and related transaction documents.

7. Tulsa Parking Authority and Bank of America, N.A. (formerly NationsBank of Texas, N.A.) as parties to that certain Letter of Credit and Reimbursement Agreement, dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended, and related transaction documents.

8. Atlantic Financial Group, Ltd., as Lessor, and SunTrust Bank, as Agent on behalf of the Lenders party to that certain Master Agreement, dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of The Williams Companies, Inc., as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, KBC Bank, N.V., as Syndication Agent, and the Lenders party thereto, as amended, and related transaction documents.

9. Piceance Production Holdings LLC*, Plowshare Investors LLC and the other Indemnified Persons (as defined in the PPH Sponsor Agreement) as parties to or beneficiaries of that certain PPH Sponsor Agreement, dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other Indemnified Persons listed in the agreement, as amended, and related transaction documents.

10. The Guaranteed Parties under that certain Amended and Restated Payment and Performance Guaranty, Indemnity and Undertaking made by The Williams Companies, Inc. in favor of the Guaranteed Parties, dated October 31, 2002, as amended, and related transaction documents.

11. The Guaranteed Parties under that certain First Amendment to Performance Guaranty, Indemnity and Undertaking (Initial LLC Asset) made by The Williams Companies, Inc. in favor of the Guaranteed Parties, dated October 31, 2002, as amended, and related transaction documents.

LEGACY L/Cs

1. Each issuer of a letter of credit as set forth on Attachment 1 attached to Schedule I to the Guaranty.

*Notwithstanding anything in the Guaranty to the contrary, the entities marked with an asterisk shall be deemed to be "Financial Institutions" for purposes of the Guaranty for so long as any Person not an affiliate of the Company owns an Equity Interest in such entity.

THE WILLIAMS COMPANIES, INC.

LEGACY LETTERS OF CREDIT - FOR PURPOSE OF PRO RATA DISTRIBUTION OF NET CASH PROCEEDS FROM ASSET SALES

AS OF 10-31-02

LETTER OF CREDIT #	ACCOUNT PARTY	BENEFICIARY
ABN-AMRO		
S815546	Wilpro Energy Services PIGAP II Ltd	PDVSA Petroleo y Gas SA
Total ABN-AMRO		
BANK OF AMERICA		
C7269699	MAPCO, Inc.	Old Republic Insurance Company
C7269707	MAPCO, Inc.	ACE Insurance Company of Texas
3020403	WilPro Energy Services (El Furrial) Ltd	Citibank, N.A.
7409323	The Williams Companies, Inc.	PDVSA Petroleo y Gas, S.A.
3037033	Barrett Resources Corporation	Oklahoma Tax Commission
5535821l135652	TWC	Tulsa Parking Authority
Total Bank of America		
JPMORGAN CHASE		
P-389157	The Williams Companies, Inc.	Citicorp North America Inc. as RCE Agent (Castle)
P-299538	Wilpro Energy Services (PIGAP II) Limited	PDVSA Petroleo y Gas, S.A.
P-219203	Williams Energy Marketing & Trading	The New York Independent System Operator, Inc.
P-224665	Williams Energy Marketing & Trading	Royal Bank of Canada
P-221802	Williams Energy Marketing & Trading	California Power Exchange Corporation
P-221924	The Williams Companies, Inc.	National Union Fire Insurance et al
P-222915	The Williams Companies, Inc.	United States Fidelity & Guaranty
P-225395	Williams Production RMT Co.	Powder River Energy Corp.
P-225403	Williams Production Mid-Continent Company	U.S. Dept. of Interior Bureau of Indian Affairs
Total JPMorgan Chase		
CITIBANK		
33623046	TWC on behalf of ACCROVEN, SRL	PDVSA Gas S.A. ACCRO III & IV Projects
33623048	TWC on behalf of ACCROVEN, SRL	PDVSA Gas S.A. ACCRO III & IV Projects
33623049	TWC on behalf of ACCROVEN, SRL	PDVSA Gas S. ACCRO III & IV Projects
Total Citibank		
ROYAL BANK OF CANADA		
1739/s19728	TWC/WGP-Alliance Canada	Montreal Trust Company of Canada
1739/s19729	TWC/WGP-Alliance Canada	The Bank of Nova Scotia Trust Co. of NY
Total Royal Bank of Canada		
TORONTO DOMINION		
1699	The Williams Companies, Inc.	Prairie Wolf Investors
Total Toronto Dominion		
WELLS FARGO		
NMS232199	Transco Energy Company	Transportation Insurance Company
Total Wells Fargo		
	TOTAL LC's OUTSTANDING	

LETTER OF CREDIT #	AMOUNT	DATED	EXPIRY DATE	% OF TOTAL	CASH COLLATERAL
ABN-AMRO					
S815546	$ 5,000,000	9/1/1999	8/29/2003		
Total ABN-AMRO	$ 5,000,000			3.3%	$ 471,000
BANK OF AMERICA					
C7269699	$ 300,000	3/15/1995	3/30/2003		
C7269707	$ 1,582,902	3/15/1995	3/31/2003		
3020403	$ 5,652,733	11/15/1999	11/15/2002		
7409323	$ 225,000	5/2/2002	5/31/2003		
3037033	$ 200,000	4/16/2001	5/11/2003		
5535821l135652	$ 8,608,985	5/15/1992	5/31/2003		
Total Bank of America	$ 16,569,620			11.0%	$ 2,559,000
JPMORGAN CHASE					
P-389157	$ 3,800,000	12/23/1998	12/23/2002		
P-299538	$ 40,000,000	4/3/2000	4/16/2003		
P-219203	$ 5,500,000	11/13/2001	12/1/2002		
P-224665	$ 5,000,000	4/22/2002	4/30/2003		
P-221802	$ 1,000,000	2/1/2002	2/1/2003		
P-221924	$ 9,010,112	2/6/2002	3/1/2003		
P-222915	$ 6,650,000	3/7/2002	3/1/2003		
P-225395	$ 4,000,000	5/10/2002	5/10/2004		

P-225403	$ 30,000	5/13/2002	5/17/2003		
Total JPMorgan Chase	$ 74,990,112			49.8%	$ 9,720,000
CITIBANK					
33623046	$ 32,500,000	3/9/2001	1/6/2003		
33623048	$ 4,000,000	3/9/2001	1/6/2003		
33623049	$ 1,000,000	3/9/2001	1/6/2003		
Total Citibank	$ 37,500,000			24.9%	$ 3,536,000
ROYAL BANK OF CANADA					
1739/s19728	$ 2,789,778	12/18/2000	12/17/2002		
1739/s19729	$ 2,922,000	12/18/2000	12/17/2002		
Total Royal Bank of Canada	$ 5,711,778			3.8%	$ 547,000
TORONTO DOMINION					
1699	$ 10,860,000	12/28/2000	12/28/2005		
Total Toronto Dominion	$ 10,860,000			7.2%	$ 1,024,000
WELLS FARGO					
NMS232199	$ 40,000	2/2/1995	2/2/2003		
Total Wells Fargo	$ 40,000			0.0%	$ 4,000
	$ 150,671,510			100%	$ 17,861,000

EXHIBIT 10.10

FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT

among

THE WILLIAMS COMPANIES, INC.,
as Borrower

CREDIT LYONNAIS NEW YORK BRANCH,
as Administrative Agent

COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES
as Syndication Agent

THE BANK OF NOVA SCOTIA,
as Documentation Agent

and

THE LENDERS NAMED HEREIN,
Lenders

DATED AS OF OCTOBER 31, 2002

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EXHIBITS AND SCHEDULES

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Exhibit C	-	Form of Assignment and Acceptance Agreement
Exhibit D-1	-	Form of Opinion of General Counsel of the Company and the Guarantors
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Exhibit E	-	Form of Designation Agreement
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FIRST AMENDED AND RESTATED LOAN AGREEMENT

THIS FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT is entered into as of this 31 day of October, 2002, among THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "COMPANY"), LENDERS (hereinafter defined), COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES, as Syndication Agent (hereinafter defined), THE BANK OF NOVA SCOTIA, as Documentation Agent (hereinafter defined), and CREDIT LYONNAIS NEW YORK BRANCH, a duly licensed branch under the New York Banking Law of a foreign banking corporation organized under the laws of the Republic of France, as a Lender and as Administrative Agent (hereinafter defined) for itself and the other Lenders, as hereinafter defined.

RECITALS

A. The Company, the Lenders, the Syndication Agent, the Documentation Agent and the Administrative Agent are parties to that certain Term Loan Agreement dated as of April 7, 2000, as amended by a First Amendment to Term Loan Agreement dated as of August 21, 2000, a Waiver and Second Amendment to term Loan Agreement dated as of January 31, 2001, a Third Amendment to Term Loan Agreement dated as of February 7, 2002, a Fourth Amendment to Term Loan Agreement Dated as of March 11, 2002, and a Fifth Amendment to term Loan Agreement dated as of July 31, 2002 (such Term Loan Agreement, as so amended herein referred to as the "Existing Loan Agreement"), pursuant to which the Company has borrowed certain term loans from the Lenders in the aggregate principal amount of $400,000,000 for the purpose of refinancing existing indebtedness, financing acquisitions and capital expenditures and for general corporate purposes.

B. The Company has requested that the Existing Loan Agreement be amended and restated as provided herein, and the Administrative Agent, the Syndication Agent, the Documentation Agent, and the Lenders are willing to so amend and restate the Existing Loan Agreement upon and subject to the terms and conditions set forth in this Agreement.

Accordingly, in consideration of the mutual covenants contained herein, the Company, Administrative Agent, Syndication Agent, Documentation Agent and Lenders agree that the Existing Loan Agreement is hereby amended and restated, in its entirety, as follows:

SECTION 1 DEFINITIONS AND TERMS

1.1 Definitions. As used herein:

"ACCEPTABLE SECURITY INTEREST" in any property shall mean a Lien granted pursuant to a Credit Document (i) which exists in favor of the Collateral Trustee for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement, (ii) which is superior to all other Liens, except Permitted Liens, (iii) which secures the "Secured Obligations" as defined in the Security Agreement (as defined in the L/C Agreement), and (iv) which is perfected and is enforceable by the Collateral Trustee, for the benefit of itself and other parties, as more fully described in the Collateral Trust Agreement, against all other Persons in preference to any rights of any such other Person therein (other than Permitted Liens); provided that such Lien may be subject to the "Agreed Exceptions" (as defined in the L/C Agreement).

"ADJUSTED EURODOLLAR RATE" means, for any Eurodollar Rate Borrowing for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Administrative Agent to be equal to the quotient obtained by dividing (a) the Eurodollar Rate for such

Eurodollar Rate Borrowing for such Interest Period by (b) one minus the Reserve Requirement for such Eurodollar Rate Borrowing for such Interest Period.

"ADMINISTRATIVE AGENT" means Credit Lyonnais New York Branch and its permitted successors or assigns as "Administrative Agent" under this Agreement.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire substantially in the form of EXHIBIT C hereto, which each Lender shall complete and provide to Administrative Agent.

"AFFILIATE" of any Person means any other individual or entity who directly or indirectly controls, or is controlled by, or is under common control with, such Person, and, for purposes of this definition only, "control," "controlled by," and "under common control with" mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise).

"AGENTS" means, collectively, the Administrative Agent, the Syndication Agent and the Documentation Agent.

"AGREEMENT" means this First Amended and Restated Term Loan Agreement (as the same may hereafter be amended, modified, supplemented, or restated from time to time).

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

"APPLICABLE LENDING OFFICE" means, for each Lender and for each Type of Borrowing, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated on SCHEDULE 2.1 attached hereto or such other office that such Lender (or an Affiliate of such Lender) may from time to time specify to Administrative Agent and the Company by written notice in accordance with the terms hereof.

"APPLICABLE MARGIN" means the percentage set forth in the table below for the Type of Borrowing which corresponds to the Company's conformity, on any date of determination, with the ratings (or implied ratings) established by both S&P and Moody's applicable to the Company's senior, unsecured, non-credit-enhanced long term indebtedness for borrowed money ("INDEX DEBT"):

INDEX DEBT RATINGS	EURODOLLAR RATE BORROWINGS	BASE RATE BORROWINGS
Category 1 BB+ and Ba1 or higher	3.250%	2.000%
Category 2 BB and Ba2	3.750%	2.500%
Category 3 BB- and Ba3	4.250%	3.000%
Category 4 B+ and B1	4.500%	3.250%
Category 5 B and B2; or lower	4.750%	3.500%

For purposes of determining the Applicable Margin, with respect to the debt ratings criteria: (i) if neither Moody's nor S&P shall have in effect a rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies will be deemed to have established ratings for Index Debt in Category 5; (ii) if only one of Moody's or S&P shall have in effect a rating for Index Debt, the Company and the Lenders will negotiate in good faith to agree upon another rating agency to be substituted by an agreement for the rating agency which shall not have a rating in effect, and in the absence of such agreement the Applicable Margin will be determined by reference to the available rating; (iii) except as expressly provided in the above table, if the ratings established by Moody's and S&P shall differ by (x) one Category, the Applicable Margin shall be determined by reference to the numerically higher Category, and (y) two or more Categories the Applicable Margin shall be determined by reference to the numerical Category which is the numerically highest such Category (for example, if the rating from S&P is in Category 2 and the rating from Moody's is in Category 5, the Applicable Margin shall be determined by reference to Category 5); and (iv) if any rating established by Moody's or S&P shall be changed (other than as a result of a change in the rating system of either Moody's or S&P), such change shall be effective as of the date on which such change is first announced by the rating agency making such change. If the rating system of either Moody's or S&P shall change prior to the payment in full of the Obligation, the Company and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system. If both Moody's and S&P shall cease to be in the business of rating corporate debt obligations, the Company and the Lenders shall negotiate in good faith to agree upon a substitute rating agency and to amend the references to specific ratings in this definition to reflect the ratings used by such substitute rating agency, and the Applicable Margin shall continue to be based upon the ratings Category in effect immediately prior to such event until such agreement on a substitute rating agency is reached.

"ARRANGER" means Credit Lyonnais New York Branch and its successors and assigns.

"ARCTIC FOX" has the meaning specified in the definition of "Arctic Fox Capital Contribution."

"ARCTIC FOX CAPITAL CONTRIBUTION" means the transfer of the Equity Interests of Williams Energy (Canada), Inc. from Williams GmbH, in the form of a dividend, up through certain other Subsidiaries, to the Company, and by the Company in the form of a capital contribution to Arctic Fox Assets, L.L.C. ("ARCTIC FOX") as required by, and in accordance with, Amendment No. 3 to Certain Operative Documents and Consents dated as of October 31, 2002, among, inter alia, the Company and Arctic Fox.

"ASSET" or "PROPERTY" (in each case, whether or not capitalized) means any right, title or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"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).

"BANKRUPTCY CODE" means Title 11 of the United States Code entitled "BANKRUPTCY" as now or hereinafter in effect, or any successor thereto.

"BARRETT" means, collectively, RMT and its Subsidiaries.

"BARRETT LOAN" means the loans made pursuant to the Barrett Loan Agreement.

"BARRETT LOAN AGREEMENT" means the Credit Agreement dated as of July 31, 2002, among the Company, RMT LLC, RMT, the Lenders party thereto from time to time, Lehman Brothers Inc., as Arranger, and Lehman Commercial Paper Inc., as Syndication Agent and as Administrative Agent and the Loan Documents (as defined therein).

"BASE RATE" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (.5%) or (b) the Prime Rate for such day. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or Federal Funds Rate.

"BASE RATE BORROWING" means a Borrowing bearing interest at the sum of the Base Rate plus the Applicable Margin for Base Rate Borrowings.

"BORROWING" means any amount disbursed (a) by one or more Lenders to the Company under the Loan Papers, whether such amount constitutes an original disbursement of funds or the continuation of an amount outstanding or (b) by any Lender in accordance with, and to satisfy the obligations under, any Loan Paper.

"BUSINESS DAY" means (a) for all purposes, any day other than Saturday, Sunday, and any other day on which commercial banking institutions are required or authorized by Law to be closed in New York, New York, and (b) in addition to the foregoing, in respect of any Eurodollar Rate Borrowing, a day on which dealings in United States dollars are conducted in the London interbank market and commercial banks are open for international business in London.

"BUSINESS ENTITY" means a partnership, limited partnership, limited liability partnership, corporation (including a business trust), limited liability company, unlimited liability company, joint stock company trust, unincorporated association, joint venture or other entity.

"CALIFORNIA PROCEEDINGS" means the proceedings with or in the State of California, as described in more detail on the Form 10-Q for the quarterly period ended June 30, 2002, filed by the Company with the Securities and Exchange Commission on August 14, 2002.

"CAPITAL LEASE" means a lease that in accordance with generally acceptable accounting principles must be reflected on a company's balance sheet as an asset and corresponding liability.

"CARDINAL PIPELINE SYSTEM" means that intrastate natural gas pipeline system doing business under that name located in the State of North Carolina, in which the Company indirectly owned a 45% interest on July 31, 2002.

"CASH COLLATERALIZE" has the meaning specified in SECTION 1.1 of the L/C Agreement.

"CASH EQUIVALENTS" means any of the following, to the extent owned by the Company or any of its Subsidiaries free and clear of all Liens other than Permitted Liens and having a maturity of not greater than 270 days from the date of acquisition thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that is a Lender or a "Bank" under each of the Primary Credit Agreement or the L/C Agreement or a member of the Federal Reserve System, issues (or the parent of which issues) commercial

paper rated as described in clause (c) below, is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least $1 billion or (c) commercial paper in an aggregate amount of no more than $500,000,000, per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"CASH FLOW" means, for any period, the Consolidated cash flow from operations of the Company and its Consolidated Subsidiaries for such period determined in accordance with generally accepted accounting principles; provided that in determining such Consolidated cash flow from operations, there shall be excluded therefrom (to the extent otherwise included therein) (a) any positive cash flow from operations of any Person (including Project Financing Subsidiaries) subject to any restriction prohibiting the distribution of cash to the Company or any of its Consolidated Subsidiaries, except and then only to the extent of the amount thereof that the Company or any of its Consolidated Subsidiaries actually receives or has the right to receive (within the limits of such restrictions) during such period, (b) proceeds resulting from the sale, transfer or other disposition of any property by the Company or its Consolidated Subsidiaries (other than sales, transfers and other dispositions in the ordinary course of business), (c) all other extraordinary items, (d) any item constituting the cumulative effect of a change in accounting principles, prior to applicable income taxes, (e) repayment of the WCG Synthetic Lease and (f) for the third Fiscal Quarter of 2002 only, margin and capital or adequate assurances relating to its refining and marketing and EMT.

"CASH HOLDINGS" of any Person means the total investment of such Person at the time of determination in:

(a) demand deposits or time deposits maturing within one year with any Agent or any Lender or any Bank (as defined in the Primary Credit Agreement) (or other commercial banking institution of the stature referred to in CLAUSE (d)(i) of this definition);

(b) any note or other evidence of indebtedness, maturing not more than one (1) 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 (9) months from the date of issue, which is issued by

(i) a corporation (other than an Affiliate of the Company) rated (x) A-1 by S&P, P-1 by Moody's or F-1 by Fitch or (y) lower than set forth in the immediately preceding clause (x), provided, however, 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 Agent or any Lender or any Bank (as defined in the Primary Credit Agreement) (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 (3) 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 Agent or any Lender or any Bank (as defined in the Primary Credit Agreement)with a rating on its long-term unsecured debt of at least AA from S&P or Aa from Moody's;

(e) notes or other evidences of indebtedness, maturing not more than three (3) years after such time, issued by

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

(ii) any Agent or any Lender or any Bank (as defined in the Primary Credit Agreement) (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;

(f) any repurchase agreement entered into with any Agent or any Lender or any Bank (as defined in the Primary Credit Agreement) (or other commercial banking institution of the stature referred to in CLAUSE (d)(i) of this definition) which

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

(ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of Administrative Agent or such Lender or Bank (as defined in the Primary Credit Agreement) (or other commercial banking institution) thereunder; and

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

"CASTLE" means Castle Associates, L.P., a Delaware partnership.

"CASTLE PARTNERSHIP AGREEMENT" means the Amended and Restated Agreement of Limited Partnership of Castle Associates, L.P., dated as of December 23, 1998, by and among Garrison, L.L.C., a Delaware limited liability company, Laughton, L.L.C., a Delaware limited liability company, and Colchester LLC, a Delaware limited liability company, as amended, supplemented, amended and restated or otherwise modified from time to time.

"CASTLE TRANSACTION" means the purchase by the Company of the limited partnership interest in Castle held by Colchester LLC, a Delaware Limited liability company.

"CLOSING DATE" means the date upon which this Agreement has been executed by the Company, Determining Lenders, and Administrative Agent and all conditions precedent specified in SECTION 6.1 have been satisfied or waived.

"CODE" means 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.

"COLLATERAL" shall have the meaning specified in SECTION 1.1 of the L/C Agreement.

"COLLATERAL TRUST AGREEMENT" means that certain Collateral Trust Agreement dated as of July 31, 2002 by and among the Company, several of its Subsidiaries and the Collateral Trustee, which Collateral Trust Agreement provides for certain Collateral to be held by such Collateral Trustee for the benefit of the Banks and agents under the Primary Credit Agreement, the Banks, Issuing Banks and agents under the L/C Agreement and the holders of certain public debt of the Company issued pursuant to that certain (i) Indenture between MAPCO Inc., as Issuer, Bankers Trust Company, as Trustee dated March 31, 1990 and (ii) Indenture between Transco Energy Company, as Issuer and Bankers Trust Company, as Trustee dated May 1, 1990.

"COLLATERAL TRUSTEE" means Citibank, N.A, in its capacity as "Collateral Trustee" pursuant to the Collateral Trust Agreement and its successors or assigns appointed pursuant to Article 5 of the Collateral Trust Agreement.

"COMMITMENT" means an amount (subject to reduction or cancellation as herein provided) equal to $400,000,000.

"COMMITMENT PERIOD" means the period of time from April 7, 2000 to and including the earlier of (i) the date which is ninety (90) days after April 7, 2000, and (ii) the effective date of any other termination or cancellation of the Lenders' commitments to make loans under, and in accordance with, this Agreement.

"COMPANY" is defined in the preamble to this Agreement and includes any permitted successors of the Company.

"CONSEQUENTIAL LOSS" means any actual loss or expense which any Lender may reasonably incur in respect of a Eurodollar Rate Borrowing as a consequence of (a) any failure or refusal of the Company (for any reasons whatsoever other than a default by Administrative Agent or a Lender) to accept or utilize such Borrowing after the Company shall have requested it under this Agreement, or (b) any prepayment or payment of such Borrowing or conversion of such Borrowing to a Borrowing of another Type, in each case, prior to the last day of the Interest Period therefor.

"CONSOLIDATED" refers to the consolidation of the accounts of any Person and its consolidated subsidiaries in accordance with generally accepted accounting principles.

"CONSOLIDATED NET WORTH" of any Person means the Net Worth of such Person and its Consolidated Subsidiaries on a Consolidated basis plus, in the case of the Company, the Designated Minority Interests to the extent not otherwise included; provided that, in no event shall the value ascribed to Designated Minority Interests for the Consolidated Subsidiaries of the Company described in clauses (i) through (v), (vii) and (viii) of the definition of "Designated Minority Interests" below exceed $136,892,000 in the aggregate for the purposes of this definition. As used in this definition, "Designated Minority Interests" means, as of any date of determination, the total value, determined in accordance with generally accepted accounting principles, of the minority interests of Persons other than the Company and Consolidated Subsidiaries of the Company in the following Subsidiaries of the Company: (i) El Furrial, (ii) PIGAP II, (iii) Nebraska Energy, (iv) Seminole, (v) American Soda, (vi) the Midstream Asset MLP, (vii) Apco Argentina, Inc. and (viii) other Subsidiaries with a value not to exceed in the aggregate $9,000,000 for such other Subsidiaries not referred to in items (i) through (viii); provided that minority interests which provide for a stated preferred cumulative return shall not be included in "Designated Minority Interests".

"CONSOLIDATED SUBSIDIARIES" of any Person means all other Persons the financial statements of which are consolidated with those of such Person in accordance with generally accepted accounting principles. For

the avoidance of doubt, as of the date of this Agreement, the MLP and its Subsidiaries shall be "Consolidated Subsidiaries" of the Company.

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

"CONSOLIDATING" refers to, with respect to the balance sheets and statements of income and cash flow required by SECTIONS 7.5, 8.2(b) and 8.2(c), the consolidation of the accounts of the Company and its Subsidiaries in accordance with the following format: (i) the WCG Subsidiaries, (ii) the Company and its Subsidiaries (which term does not include the WCG Subsidiaries), (iii) consolidation adjustments, and (iv) Consolidated financial statements of the Company and each of its Subsidiaries, including the WCG Subsidiaries.

"CREDIT DOCUMENTS" means the Primary Credit Agreement, the L/C Agreement, the L/C Collateral Documents, the Letter of Credit Documents, each Letter of Credit, all documents, instruments, agreements, certificates and notices at any time executed and/or delivered to the Collateral Trustee, the "Surety Administrative Agent", "Agent," any "Issuing Bank," or any "Bank" (as such terms are defined in each of the Primary Credit Agreement and the L/C Agreement) in connection therewith.

"DEBT" means, in the case of any Person, the principal or equivalent amount (without duplication) of (i) indebtedness of such Person for borrowed money, (ii) obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (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) obligations of such Person as lessee under leases that are, in accordance with generally accepted accounting principles, recorded as capital leases, (v) payments necessary to exercise a purchase option with respect to the property used by such Person and encumbered by a Synthetic Lease with such Person as lessee, excluding any portion of such amount representing accrued interest, transfer taxes or other ancillary items, (vi) obligations of such Person under any Financing Transaction, (vii) indebtedness (other than that described in CLAUSES (i) through (iv), (viii), (ix) and (x) of this definition) incurred after July 31, 2002 of the Subsidiaries of such Person, and indebtedness (other than that described in CLAUSES (i) through (iv), (viii), (ix) and (x) of this definition) incurred after July 31, 2002 of any other entity that has been created or utilized, directly or indirectly, for financing purposes of such Person or any of its Subsidiaries, (viii) 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 (vii) of this definition, (ix) indebtedness or obligations of others of the kinds referred to in CLAUSES (i) through (viii) of this definition secured by any Lien on or in respect of any property of such Person and (x) any Attributable Obligations of such Person; provided, however, that Debt shall not include (v) any obligation of the Company or its Subsidiaries in respect of the WCG Note Trust Bonds; (w) any obligations of the Company in respect of the FELINE PACS; (x) Non-Recourse Debt; (y) Performance Guaranties, (z) monetary obligations or guaranties of monetary obligations of Persons as lessee under leases (other than, to the extent provided herein above, Synthetic Leases) that are, in accordance with generally accepted accounting principles, recorded as operating leases and (aa) guarantees by such Person of obligations of others which are not obligations described in CLAUSES (i) through (x) of this definition, and provided further that where any such indebtedness or obligation of such Person is made jointly, or jointly and severally, with any third party or parties other than any Subsidiary of such Person, the amount thereof for the purpose of this definition only shall be the pro rata portion thereof payable by such Person, so long as such third party or parties have not defaulted on its or their joint and several portions thereof and can reasonably be expected to perform its or their obligations thereunder. For the avoidance of doubt, "DEBT" shall not include the Letters of Credit.

"DEEPWATER ASSETS" shall have the meaning given such term in Item 7 of Schedule V hereto.

"DEEPWATER JV" means any Person to whom any Deepwater Assets have been transferred in connection with the formation of such Person and in which the Company or any of its Subsidiaries has retained an Equity Interest.

"DEEPWATER TRANSACTIONS" means, collectively, the transactions consummated in connection with (i) that certain Second Amended and Restated Participation Agreement dated January 28, 2002 by and among Williams Field Services - Gulf Coast Company, L.P., as Lessee, Williams Field Services Company, as Construction Agent, the Company, as Guarantor, Wells Fargo Bank Northwest, National Association, (fka First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor to First Security Trust Company of Nevada), as Collateral Agent, the Certificate Holders, Hatteras Funding Corporation, as CP Lender, the Facility Lenders, Bank of America, National Association, as Administrative Agent and Administrator, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent and/or (ii) that certain Second Amended and Restated Participation Agreement dated January 28, 2002 by and among Williams Oil Gathering, L.L.C., as Lessee, Williams Field Services Company, as Construction Agent, the Company, as Guarantor, Wells Fargo Bank Northwest, National Association, (fka First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor to First Security Trust Company of Nevada), as Collateral Agent, the Certificate Holders, Hatteras Funding Corporation, as CP Lender, the Facility Lenders, Bank of America, National Association, as Administrative Agent and Administrator, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent.

"DEBTOR RELIEF LAWS" means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, fraudulent transfer or conveyance, suspension of payments or similar Laws from time to time in effect affecting the Rights of creditors generally.

"DEFAULT" is defined in SECTION 9.

"DEFAULT RATE" means a per annum rate of interest equal from day to day to the lesser of (a) the sum of the Base Rate plus the Applicable Margin for Base Rate Borrowings plus 2% and (b) the Maximum Rate.

"DESIGNATED LENDER" means a special purpose corporation that is identified as such on the signature pages hereto next to the caption "Designated Lender" as well as each special purpose corporation that (i) shall have become a party to this Agreement pursuant to SECTION 12.13(f), and (ii) is not otherwise a Lender.

"DESIGNATED LENDER NOTE" means a promissory note of the Company, substantially in the form of EXHIBIT A hereto, evidencing the obligation of the Company, and "DESIGNATED LENDER NOTES" means any and all such promissory notes issued hereunder.

"DESIGNATING LENDER" shall mean each Lender that is identified as such on the signature pages hereto next to the caption "Designating Lender" and immediately below the signature of its Designated Lender as well as each Lender that shall designate a Designated Lender pursuant to SECTION 12.13(f) hereof.

"DESIGNATION AGREEMENT" means a designation agreement in substantially the form of EXHIBIT E attached hereto, entered into by a Lender and a Designated Lender and accepted by the Company and the Administrative Agent.

"DESIGNATED MINORITY INTERESTS" has the meaning specified in the definition of "Consolidated Net Worth" herein.

"DETERMINING LENDERS" means for all purposes under the Loan Papers, those Lenders who collectively hold at least 51% of the Principal Debt.

"DISTRIBUTION" for any Person means, with respect to any shares of any capital stock or other equity securities issued by such Person, (a) the retirement, redemption, purchase, or other acquisition for value of any such securities, (b) the declaration or payment of any dividend on or with respect to any such securities, and (c) any other payment by such Person with respect to such securities.

"DOCUMENTATION AGENT" means The Bank of Nova Scotia and its permitted successors or assigns as "DOCUMENTATION AGENT" under this Agreement.

"DOLLARS" and the symbol $ shall mean lawful money of the United States of America.

"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.

"ELIGIBLE ASSIGNEE" means (a) a Lender; (b) an Affiliate of a Lender; and (c) any other Person approved by Administrative Agent (which approval will not be unreasonably withheld or delayed by Administrative Agent) and, unless a Default has occurred and is continuing at the time any assignment is effected in accordance with SECTION 12.13, the Company (such approval not to be unreasonably withheld or delayed by the Company and such approval to be deemed given by the Company if no objection is received by the assigning Lender and the Administrative Agent from the Company within five Business Days after notice of such proposed assignment has been provided by the assigning Lender to the Company); provided, however, that neither the Company nor any Affiliate of the Company shall qualify as an Eligible Assignee.

"EMT" means Williams Energy Marketing & Trading Company.

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

"ENVIRONMENTAL PERMITS" mean any and all material permits, licenses, registrations, exemptions and any other authorization required under any Environmental Protection Statutes.

"ENVIRONMENTAL PROTECTION STATUTE" means 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.

"EQUITY INTERESTS" means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and rulings promulgated 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 Company is a member and which is under common control within the meaning of the regulations under Section 414 of the Code.

"EURODOLLAR RATE" means, for any Eurodollar Rate 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 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 BORROWING" means a Borrowing bearing interest at the sum of the Adjusted Eurodollar Rate plus the Applicable Margin for Eurodollar Rate Borrowings.

"EXHIBIT" means an exhibit to this Agreement unless otherwise specified.

"EXISTING LOAN AGREEMENT" has the meaning specified in the Recitals of this Agreement.

"FEDERAL FUNDS RATE" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined (which determination shall be conclusive and binding, absent manifest error) by Administrative Agent to be equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent (in its individual capacity) on such day on such transactions as determined by the Administrative Agent (which determination shall be conclusive and binding, absent manifest error).

"FELINE PACS" means those certain units, as described in the Company's prospectus supplement dated January 7, 2002, issued by the Company in January, 2002 in an aggregate face amount of $1,100,000,000.

"FINANCING TRANSACTION" means, with respect to any Person, any individual or group of related Persons (i) prepaid forward sales of oil, gas, minerals or other Assets by such Person, (ii) interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives or (iii) sales or transfers of Assets, the primary effect of which or an important purpose of which is to receive money or credit in advance coupled with an obligation to repay or perform in the future to effect repayment thereof, including any contract monetization or production payment. Notwithstanding the foregoing, the following transactions, if entered into in the ordinary course of business by the Company or any of its affiliates and otherwise permitted hereunder, shall be deemed not to be Financing Transactions: (a) sales or exchanges of property fully

delivered within 90 days of receipt of the first payment by a counterparty therefor, (b) interest rate, currency, commodity or other swaps, collars, caps, options or other derivatives (including prepayment of forward sales of property to a counterparty of the Company or any of its affiliates to hedge against risks in the ordinary course of business, provided that the forward delivery obligation with respect to the property sold must be fully performed within 120 days), and (c) "riskless" forward sales or exchanges of property whereby a third party guarantees the performance obligations of the Company or any of its affiliates to deliver such property without subrogation or other recourse against the Company or any of its affiliates by any party to the transaction. The term "contract monetization" as used in this definition means the acceleration of cash flows a contract party expects to receive from such contract pursuant to which the contract party retains a significant ongoing obligation to perform, but shall in any event exclude transactions commonly referred to as securitizations. The term "production payment" as used in this definition means a limited-term non-cost bearing right to receive produced hydrocarbons or the proceeds therefrom satisfiable in cash or in kind up to an aggregate defined amount of cash and/or hydrocarbons.

"FISCAL QUARTER" means any quarter of a Fiscal Year.

"FISCAL YEAR" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2002 Fiscal Year") refer to the Fiscal Year ending on December 31 of such calendar year.

"FITCH" means Fitch, Inc.

"GAAP" means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board which are applicable from time to time.

"GOVERNMENTAL AUTHORITY" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"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.

"GUARANTORS" means, collectively, Williams Gas Pipeline Company, L.L.C., a Delaware limited liability company, and Williams Production Holdings L.L.C., a Delaware limited liability company.

"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).

"HEDGE AGREEMENTS" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging obligations.

"HOLDINGS GUARANTY" means that certain Subordinated Guaranty dated as of July 31, 2002 executed by RMT LLC in favor of the "Financial Institutions" described therein, as amended, supplemented or modified from time to time.

"HYDROCARBONS" (whether or not capitalized) means oil, gas, casinghead gas, condensate, distillate, and liquid hydrocarbons.

"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 EXPENSE" means, for any period, the gross interest expense (determined in accordance with generally accepted accounting principles) of the Company and its Consolidated Subsidiaries accrued for such period, including that attributable to the capitalized amount of obligations owing under Capital Leases, all debt discount amortized in such period and all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, net of interest income (determined in accordance with generally accepted accounting principles) of the Company and its Consolidated Subsidiaries, but excluding such interest expense, debt discount, commissions, discounts and other fees and charges and interest income to the extent attributable to the Non-Recourse Debt of Project Financing Subsidiaries; provided that, interest expense incurred in connection with the WCG Note Trust Bonds shall be excluded from this definition.

"INTEREST PERIOD" is determined in accordance with SECTION 3.9.

"INVESTMENT" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the Assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in CLAUSE (VIII) or (IX) of the definition of "Debt" in respect of such Person.

"L/C AGREEMENT" means that certain Amended and Restated Credit Agreement dated as of October 31, 2002 among the Company, as "Borrower", the "Agent," "Collateral Agent," "Syndication Agent," "Issuing Banks," the "Arranger," and those certain financial institutions party thereto as "Banks" (as the same may from time to time be further amended, supplemented, restated or otherwise modified).

"L/C COLLATERAL DOCUMENTS" means the "Security Documents" as defined in the L/C Agreement.

"L/C FACILITY" means the letter of credit facility under the L/C Agreement.

"LEGACY L/CS" means those outstanding letters of credit as of July 31, 2002 as set forth on SCHEDULE XII of the Primary Credit Agreement, to the extent such Letters of Credit have not been fully Cash Collateralized.

"LAWS" means all applicable statutes, laws, treaties, ordinances, tariff requirements, rules, regulations, orders, writs, injunctions, decrees, judgments, opinions, or interpretations of any Governmental Authority.

"LENDERS" means, on any date of determination, (a) the financial institutions named on SCHEDULE 2.1 (as the same may be amended from time to time by Administrative Agent to reflect the assignments made in accordance with SECTION 12.13(c) of this Agreement), and subject to the terms and conditions of this Agreement, their respective successors and assigns, but not any Participant who is not otherwise a party to this

Agreement, and (b) the Designated Lenders, if any; provided, however, that the term "Lender" shall exclude each Designated Lender when used in reference to a Borrowing (except to the extent a Designated Lender is the obligee of a Borrowing actually funded by it pursuant to SECTION 2.1(b) hereof), or terms relating to the Borrowings (except as noted above).

"LETTERS OF CREDIT" has the meaning specified in SECTION 1.1 of the L/C Agreement.

"LETTER OF CREDIT COMMITMENT" has the meaning specified in SECTION 1.1 of the L/C Agreement.

"LETTER OF CREDIT DOCUMENTS" means, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations, each as the same may be modified and supplemented and in effect from time to time.

"LIENS" means a mortgage, pledge, lien, security interest or other charge or encumbrance, or any other analogous type of preferential arrangement to secure or provide for the payment of any Debt, trade payable, obligation or other liability 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).

"LIQUIDITY BANK" means for any Designated Lender, at any date of determination, the collective reference to the financial institutions which at such date are providing liquidity or credit support facilities to or for the account of such Designated Lender to fund such Designated Lender's obligations hereunder or to support the securities, if any, issued by such Designated Lender to fund such obligations.

"LITIGATION" means any action by or before any Governmental Authority.

"LLC GUARANTY" means that certain Guaranty dated as of July 31, 2002 executed by Williams Gas Pipeline Company, L.L.C. in favor of the "Financial Institutions" described therein, as the same may be amended, modified or supplemented from time to time.

"LOAN PAPERS" means (a) this Agreement, certificates delivered pursuant to this Agreement, and Exhibits and Schedules hereto, (b) the Holdings Guaranty, the LLC Guaranty, and all other agreements, documents, or instruments in favor of Agents or Lenders (or Administrative Agent on behalf of Lenders) delivered pursuant to this Agreement or otherwise delivered in connection with all or any part of the Obligation, and (c) all renewals, extensions, or restatements of, or amendments or supplements to, any of the foregoing.

"MAJOR SUBSIDIARY" means any Subsidiary of the Company with Assets having a book value of $1,000,000,000 or more.

"MAPL" means Mid-America Pipeline Company, LLC., a Delaware limited liability company.

"MAPL ASSET DISPOSITION" means the sale, transfer or other distribution of the Equity Interests in or Assets of MAPL and Mapletree, LLC.

"MATERIAL SUBSIDIARY" means (i) each Major Subsidiary and each other Subsidiary of the Company (other than a Project Financing Subsidiary) that itself (on an unconsolidated, stand alone basis) owns in excess

of 5% of the book value of the Consolidated Assets of the Company and its Consolidated Subsidiaries, (ii) each of TGPL, TGT and NWP and (iii) each Subsidiary of the Company that owns any direct or indirect interest in TGPL, TGT and NWP.

"MATURITY DATE" means April 7, 2003.

"MAXIMUM AMOUNT" and "MAXIMUM RATE" respectively mean, for each Lender, the maximum non-usurious amount and the maximum non-usurious rate of interest which, under applicable Law, such Lender is permitted to contract for, charge, take, reserve, or receive on the Obligation.

"MIDSTREAM ASSET MLP" means one or more master limited partnerships included in the Consolidated financial statements of the Company to which the Company has transferred or shall transfer certain assets relating to the Midstream Business as well as certain marine and inland terminals and related pipeline systems, including MLP.

"MIDSTREAM ASSETS" means all Assets now owned or hereafter acquired by the Company or any of its Subsidiaries, which are either individually, or in conjunction with other Midstream Assets, necessary for the conduct of the Midstream Business by the Company and its Subsidiaries, including the Refineries in Alaska and Tennessee, except that "MIDSTREAM ASSETS" shall not include (a) the assets being part of either of the MAPL Asset Disposition or Seminole Asset Disposition unless the MAPL Disposition or Seminole Asset Disposition, as applicable, shall not have occurred on or prior to the date that is 60 days from July 31, 2002, and (b) any Assets of NewGP or any of its Subsidiaries.

"MIDSTREAM BUSINESS" means the gathering, marketing, dehydrating, treating, processing, fractionating, refining, storing, selling and transporting of Hydrocarbons and Refined Hydrocarbons in the United States, and any business relating thereto; provided that "Midstream Business" shall not include (i) operations that are directly related to the exploration and production of Hydrocarbons, (ii) the interstate transportation and storage of natural gas and associated liquid hydrocarbons under the jurisdiction of the Natural Gas Act, and (iii) the transportation and storage of natural gas and associated liquid hydrocarbons through the Cardinal Pipeline System.

"MIDSTREAM GUARANTY" means that certain guaranty executed by those certain guarantors in substantially the form of EXHIBIT H to the L/C Agreement, as amended, supplemented or modified from time to time.

"MLP" means Williams Energy Partners L.P., a Delaware limited partnership.

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MULTIEMPLOYER PLAN" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate of the Company is making or accruing an obligation to make contributions, or has within any of the preceding five (5) 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 Company or any ERISA Affiliate of any Borrower, and one or more employers other than the Company or an ERISA Affiliate of the Company, is making or accruing an obligation to make contributions or, in the event that any such plan has been terminated, to which the Company or any ERISA Affiliate of the Company made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

"NATURAL GAS ACT" shall mean the Natural Gas Act, 15 U.S.C Sections 717(a)-717(w).

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

"NET CASH PROCEEDS" means, with respect to any sale, transfer or other disposition of any asset or the sale or issuance of any equity interests (including, without limitation, any capital contribution) by any Person, the gross cash proceeds received (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when such cash is received) by or on behalf of such Person in connection with such transaction net of only (a) reasonable transaction costs, including customary and reasonable brokerage commissions, underwriting fees and discounts, legal fees, fees paid to accountants and financial advisors, finder's fees and other similar fees and commissions, (b) the amount of taxes payable in connection with or as a result of such transaction, (c) the amount of any Debt by the terms of the agreement or instrument governing such Debt (including, without limitation, the Barrett Loan Agreement and the WECI Note), that is required to be repaid or cash collateralized in the case of letters of credit, upon such disposition, including any premium, make-whole or breakage amount related thereto, (d) payments of unassumed liabilities relating to the assets sold at the time of, or within 60 days after, the date of such sale; provided that such gross proceeds shall not include any portion of such gross cash proceeds which the Company determines in good faith should be reserved for post-closing adjustments (including indemnification payments, tax expenses and purchase price adjustments, to the extent the Person delivers to the Administrative Agent a certificate signed by an officer of such Person as to such determination), it being understood and agreed that on the day that all such post-closing adjustments have been determined (which shall not be later than 120 days following the date of the respective disposition; and provided, further that such 120-day period shall be extended to the extent any amount of such proceeds is subject to a good faith dispute or claim), the amount (if any) by which the reserved amount in respect of such sale or disposition exceeds the actual post-closing adjustments payable by such Person shall constitute Net Cash Proceeds on such date received by such Person from such sale, lease, transfer or other disposition.

"NET DEBT" means as of any date of determination, the excess of (x) the aggregate amount of all Debt of the Company and its Subsidiaries on a Consolidated basis, excluding Non-Recourse Debt, over (y) the sum of the Cash Holdings of the Company 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 plus all non-cash losses resulting from the write-down or disposition of the Trading Book over total liabilities of such Person, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles; provided, however, that for purposes of calculating Net Worth, total liabilities shall not include any obligations of the Company in respect of the FELINE PACS.

"NEWGP" means a Business Entity organized under Delaware law, which may be formed before, on or after the date hereof, and which (i) will be at the time of formation a Wholly-Owned Subsidiary of the Company, and (ii) will be formed for the sole purpose of acquiring certain Equity Interests in MLP currently held by Williams GP, LLC and acting as the general partner of MLP.

"NON-RECOURSE DEBT" means (i) any Debt incurred by any Project Financing Subsidiary to finance the acquisition (other than the acquisition from the Company or any Subsidiary of the Company that is not a Project Financing Subsidiary), improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or providing financing for, a project listed on SCHEDULE IV to the Primary Credit Agreement or any new project commenced or acquired after July 31, 2002, which Debt does not provide for recourse against the Company or any Subsidiary of the Company (other than a Project Financing Subsidiary and such recourse as exists under a

Performance Guaranty) or any property or asset of the Company or any Subsidiary of the Company (other than Equity Interests in, or the property or assets of a Project Financing Subsidiary) and (ii) any refinancing of such Debt that does not increase the outstanding principal amount thereof at the time of the refinancing or increase the property subject to any Lien securing such Debt or otherwise add additional security or support for such Debt.

"NOTES" means, at the time of any determination thereof, all outstanding and unpaid Term Notes.

"NOTICE OF BORROWING" is defined in SECTION 2.3(a).

"NOTICE OF CONVERSION" is defined in SECTION 3.10.

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

"OBLIGATION" means all present and future indebtedness, liabilities, and obligations, and all renewals and extensions thereof, or any part thereof, now or hereafter owed to Administrative Agent, any other Agent, or any Lender arising from, by virtue of, or pursuant to any Loan Paper, together with all interest accruing thereon, fees, costs, and reasonable expenses (including, without limitation, all reasonable attorneys' fees and expenses incurred in the enforcement or collection thereof) payable under the Loan Papers.

"OTHER TAXES" shall have the meaning assigned to it in SECTION 4.6(b) hereof.

"PARTICIPANT" is defined in SECTION 12.13(e).

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereof, established pursuant to ERISA.

"PERFORMANCE GUARANTY" means any guaranty issued in connection with any Non-Recourse Debt that (i) if secured, is secured only by assets of or Equity Interests in a Project Financing Subsidiary, and (ii) guarantees to the provider of such Non-Recourse Debt or any other Person of the (a) performance of the improvement, installation, design, engineering, construction, acquisition, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or any portion of the project that is financed by such Non-Recourse Debt, (b) completion of the minimum agreed equity contributions to the relevant Project Finance Subsidiary, or (c) performance by a Project Financing Subsidiary of obligations to Persons other than the provider of such Non-Recourse Debt.

"PERMITTED DISPOSITIONS" means (a) the disposition of the assets or Persons set forth on SCHEDULE V or the assets currently owned by such Persons and (b) the TWC Asset Dispositions.

"PERMITTED LIENS" means Liens specifically described on SCHEDULE I.

"PERMITTED REFINANCING DEBT" has the meaning assigned thereto on SCHEDULE I.

"PERSON" means an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, not-for-profit corporation, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar Business Entity or organization.

"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 (5) plan years preceding the date of termination of such plan by the Company or any ERISA Affiliate for employees of the Company 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.

"POWERTEL" means PowerTel Limited, an Australian corporation.

"POTENTIAL DEFAULT" means the occurrence of any event or existence of any circumstance which, with the giving of notice or lapse of time or both, would become a Default.

"PLOWSHARE TRANSACTION" means the retirement of the Interests of the Class B Preferred Member in PPH (each as defined in the PPH Sponsor Agreement) held by Plowshare Investors LLC, a Delaware limited liability company, by PPH.

"PPH COMPANY AGREEMENT" means the Amended and Restated Limited Liability Company Agreement of Piceance Production Holdings LLC, dated as of December 31, 2001, by and among Williams Production RMT Company, a Delaware corporation, Bison Royalty LLC, a Delaware limited liability company, Plowshare Investors LLC, a Delaware limited liability company, and Piceance Production Holdings LLC, a Delaware limited liability company.

"PPH SPONSOR AGREEMENT" means the PPH Sponsor Agreement, dated as of December 31, 2001, by the Company in favor of Piceance Production Holdings LLC, Plowshare Investors LLC and the other indemnified parties named therein (as the same may from time to time be amended, modified or supplemented).

"PRAIRIE WOLF FACILITY" means the financing provided in connection with that certain $611,788,868 Joint Venture Sponsor Agreement dated as of December 28, 2000 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "SPONSOR AGREEMENT"), among the Company, as Sponsor, and Williams Field Services Company, in favor of Prairie Wolf Investors, Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons (as defined in the Sponsor Agreement) listed therein.

"PRAIRIE WOLF PURCHASE OPTION AGREEMENT" means the Purchase Option Agreement, dated as of December 28, 2000, among the Company, Prairie Wolf Investors, L.L.C., Citicorp North America, Inc., Ambac Private Holdings, L.L.C., Westboro Properties L.L.C., Stonehurst Capital L.L.C., BSCS XXXIX, Inc., Snow Goose Associates, L.L.C. and Arctic Fox Assets, L.L.C.

"PRAIRIE WOLF TRANSACTION" means the purchase of the Investor Membership Interest (as defined in the Prairie Wolf Purchase Option Agreement) pursuant to the Prairie Wolf Purchase Option Agreement.

"PRIMARY CREDIT AGREEMENT" means the First Amended and Restated Credit Agreement dated as of October 31, 2002, by and among the Company and the other borrowers named therein, as borrowers, the banks named therein, as lenders, the banks named therein, as co-syndication agents and documentation agent, Citicorp USA, Inc., as agent, and Salomon Smith Barney Inc. as arranger, as the same may be from time to time modified or amended.

"PRIME RATE" means the per annum rate of interest established from time to time by Credit Lyonnais New York Branch, as its general reference rate of interest for short-term commercial loans in Dollars to

domestic borrowers, which rate may not be the lowest rate of interest charged by Credit Lyonnais New York Branch on similar loans.

"PRINCIPAL DEBT" means, on any date of determination, the aggregate unpaid principal balance of all Borrowings under the Term Facility.

"PRINCIPAL SUBSIDIARIES" means a collective reference to NWP, TGPL, TGT, and WPC (each a "PRINCIPAL SUBSIDIARY").

"PROGENY FACILITIES" means the financing facilities specifically described on SCHEDULE III hereto.

"PROJECT FINANCING SUBSIDIARIES" means any non-material Subsidiary of the Company whose principal purpose is to incur Non-Recourse Debt and/or construct, lease, own or operate the assets financed thereby, or to become a direct or indirect partner, member or other equity participant or owner in a Business Entity so created, and substantially all the assets of which Subsidiary or Business Entity are limited to (x) those assets being financed (or to be financed), or the operation of which is being financed (or to be financed), in whole or in part by Non-Recourse Debt, or (y) Equity Interests in, or Debt or other obligations of, one or more other such Subsidiaries or Business Entities, or (z) Debt or other obligations of the Company or any of its Subsidiaries or other Persons. For purposes of this definition, a "NON-MATERIAL SUBSIDIARY" shall mean any Consolidated Subsidiary of the Company which, as of the date of the most recent Consolidated balance sheet of the Company delivered pursuant to SECTION 8.2(b) or 8.2(c), has total assets which account for less than five percent (5%) of the total Consolidated assets of the Company and its Consolidated Subsidiaries, as shown on such Consolidated balance sheet; provided, that the aggregate assets of the non-material Subsidiaries shall not comprise more than ten percent (10%) of the total Consolidated assets of the Company and its Consolidated Subsidiaries, as shown on such Consolidated balance sheet.

"PROPERTY" has the meaning specified in the definition of "Assets".

"PRO RATA or PRO RATA PART" means on any date of determination for any Lender, the proportion that the sum of the Principal Debt owed to such Lender bears to the sum of the Principal Debt.

"PUBLIC FILINGS" means the Company's (i) annual report on Form 10-K/A for the year ended December 31, 2001, (ii) quarterly report on Form 10-Q for the quarter ended March 31, 2002, (iii) quarterly report on Form 10-Q for the quarter ended June 30, 2002, and (iv) each other quarterly and annual and other reports filed with the Securities Exchange Commission from time to time.

"PURCHASE CARD AGREEMENT" means that certain Purchase Card Agreement among the Company and Citicorp USA, Inc. dated January 29, 2002.

"REFINED HYDROCARBONS" means all products refined, separated, fractionated, settled, and dehydrated from Hydrocarbons and all products derived therefrom, including, without limitation, kerosene, liquefied petroleum gas, refined lubricating oils, diesel fuels, drip gasoline, natural gasoline, helium, sulfur and all other minerals.

"REFINERIES" means the equity interest in and assets owned by the Midstream Business of the Company which produces Refined Hydrocarbons and is owned collectively by the following Subsidiaries: Williams Express, Inc., a Delaware corporation, Williams Alaska Pipeline Company, LLC, a Delaware limited liability company, Williams Alaska Petroleum, Inc., an Alaska corporation, Williams Alaska Air Cargo Properties, LLC, an Alaska limited liability company, Williams Lynxs Alaska CargoPort, LLC, an Alaska limited liability company, Williams Express, Inc., an Alaska corporation, Williams Petroleum Pipeline

Systems, Inc., a Delaware corporation, Williams Refining & Marketing, LLC, a Delaware limited liability company, Williams Olefins, LLC, a Delaware limited liability company, Williams Olefins Feedstock Pipelines, LLC, a Delaware limited liability company, Williams Memphis Terminal, Inc., a Delaware corporation, Williams Generating Memphis, LLC, a Delaware limited liability company, EMT (only with respect to its interest in a gas turbine, electric generating facility in Memphis, Tennessee), and Memphis Generation, L.L.C., a Delaware limited liability company.

"REGISTER" is defined in SECTION 12.13(c).

"REGULATION D" means Regulation D of the Board of Governors of the Federal Reserve System, as amended.

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System, as amended.

"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 (i) neither the Company nor any Subsidiary of the Company shall be considered to be a Related Party of the Company or any Subsidiary of the Company, and (ii) neither NewGP nor any Subsidiary of NewGP shall be considered to be a "Related Party" of NewGP or any Subsidiary of NewGP.

"REPRESENTATIVES" means representatives, officers, directors, employees, attorneys, and agents.

"RESERVE REQUIREMENT" means, at any time, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against, in the case of Eurodollar Rate Borrowings, "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (a) any category of liabilities which includes deposits by reference to which the Adjusted Eurodollar Rate is to be determined, or (b) any category of extensions of credit or other assets which include Eurodollar Rate Borrowings. The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement.

"RESPONSIBLE OFFICER" means the chairman, president, chief executive officer, chief financial officer, senior vice president, or treasurer of the Company, or any other officer designated from time to time by the Board of Directors of the Company, which designated officer is acceptable to Administrative Agent.

"RIGHTS" means rights, remedies, powers, privileges, and benefits.

"RMT" means Williams Production RMT Company.

"RMT ASSET DISPOSITION" means the sale, transfer, lease, distribution or other disposition of the RMT Equity Interests or the assets of RMT LLC, RMT or its Subsidiaries in accordance with the provisions of the Barrett Loan Agreement.

"RMT EQUITY INTERESTS" means the Equity Interests in RMT and/or each of its Subsidiaries.

"RMT LLC" means Williams Production Holdings LLC.

"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 to any other Person (a "Transferee"), 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 rent or lease as lessee from such Transferee or any other Person 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.

"SCHEDULE" means, unless specified otherwise, a schedule attached to this Agreement, as the same may be supplemented and modified from time to time in accordance with the terms of the Loan Papers.

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

"SEMINOLE ASSET DISPOSITION" means the sale, transfer or other distribution of all or substantially all of the Equity Interests in or assets of Seminole and E-Oaktree, LLC.

"SODA ASH" means Williams Soda Products Company and American Soda, L.L.P.

"SPECIFIED ESCROW ARRANGEMENTS" means (a) encumbrances arising under the Pledge and Assignment Agreement for that certain Purchase Card Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time, whereby the Company has requested the continued issuance of credit under the Purchase Card Agreement; and (b) cash deposits at one or more financial institutions for the purpose of funding any potential shortfall in the daily net cash position of the Company or any of its Subsidiaries.

"SUBORDINATED DEBT" means any Debt of the Company which is effectively subordinated to the obligations of the Company hereunder.

"SUBJECT SUBSIDIARIES" means all Subsidiaries of the Company other than NewGP and its Subsidiaries.

"SUBSIDIARY" of any Person means (i) any corporation, partnership, joint venture or other entity of which more than 50% of the outstanding 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 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 and (ii) any Person that is under the direct or indirect control of such Person, by voting rights, contract or otherwise, and in accordance with generally accepted accounting principles, is Consolidated with such Person in its Consolidated financial statements; provided that, for greater certainty, (x) MLP and its Subsidiaries (A) shall be considered

Subsidiaries of NewGP, but (B) shall not otherwise be considered Subsidiaries of the Company or its Subsidiaries, and (y) NewGP shall be considered a Subsidiary of the Company.

"SYNDICATION AGENT" means Commerzbank AG New York and Grand Cayman Branches and its respective permitted successors or assigns as "SYNDICATION AGENT" under this Agreement.

"SYNTHETIC LEASE" means any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with generally accepted accounting principles and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which such Person is the lessor.

"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 GAAP, excluding, however, from the determination of total assets (a) patents, patent applications, trademarks, copyrights and trade names, (b) goodwill, organizational, experimental, research and development expense and other like intangibles, (c) treasury stock, (d) 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 (e) unamortized debt discount and expense.

"TAXES" means, for any Person, taxes, assessments, or other governmental charges or levies of a similar nature imposed upon such Person, its income, or any of its properties, franchises, or assets.

"TERM FACILITY" means the credit facility described in and subject to the limitations of this Agreement.

"TERM NOTE" means a promissory note in substantially the form of EXHIBIT A, and all renewals and extensions of all or any part thereof.

"TERMINATION EVENT" means (a) a "reportable event", as such term is described in Section 4043 of ERISA (other than a "reportable event" not subject to the provision for thirty (30) day notice to the PBGC or a "reportable event" as such term is described in Section 4043(c)(3) of ERISA) which might reasonably be expected to result in a termination of, or the appointment of a trustee to administer, a Plan, or which causes the Company, due to actions of the PBGC, to be required to contribute at least $75,000,000 in excess of the contributions which otherwise would have been made to fund a Plan based upon the contributions recommended by such Plan's actuary), or (b) the withdrawal of the Company 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 incurrence of liability by the Company or any ERISA Affiliate under Section 4064 of ERISA upon the termination of a Multiple Employer Plan, or (c) 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 (d) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or (e) any other event or condition which might reasonably be expected to result in the termination of, or the appointment of a trustee to administer, any Plan under Section 4042 of ERISA.

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

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

"TRADING BOOK" means, for any Person, all mark to market daily and forward traded transactions of such Person inclusive of structured portfolio transactions consisting primarily of tolling and full requirements transactions.

"TRAVELCENTERS" means Williams TravelCenters, Inc.

"TWC ASSET DISPOSITIONS" means the sale by the Company or by any of its Subsidiaries of (a) WPC, (b) MAPL Asset Disposition, (c) Seminole Asset Disposition, (d) the Refineries, (e) Soda Ash, (f) TravelCenters, and (g) Bio-Energy.

"TWC ASSET DISPOSITION DOCUMENTS" means all material agreements relating to the TWC Asset Dispositions.

"TWC PREFERRED STOCK" means the shares of preferred stock of the Company which may be perpetual preferred stock or mandatorily convertible into shares of common stock of the Company.

"TYPE" means any type of Borrowing determined with respect to the interest option applicable thereto.

"UBOC TURBINE FINANCING" means the transactions contemplated by (i) the Turbine Financing and Agency Agreement, dated as of April 16, 2002, between Union Bank of California, N.A., each of the other financial institutions party thereto as a Lender or Certificate Holder, WEMT Statutory Trust 2002 and EMT (the "TFA AGREEMENT") and (ii) the Operative Documents and the Lease (as such terms are defined in the TFA Agreement).

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

"WCG NOTE" means that certain promissory note dated March 28, 2001 issued by WCG to WCG Note Trust, a Delaware business trust, in a principal amount of $1,500,000,000 with a maturity date of March 31, 2008.

"WCG NOTE TRUST BONDS" means those certain debt securities issued by WCG Note Trust and WCG Note Corp. on March 28, 2001.

"WCG REFINANCING TRANSACTION" means any transaction or series of related transactions pursuant to which the Company or any Subsidiary of the Company becomes directly and primarily liable to the holders of the WCG Senior Notes for an aggregate amount not exceeding the outstanding principal of the WCG Senior Notes, together with all accrued and unpaid interest thereon, any fees, and any premiums or make-whole payments payable as a result of a prepayment or early redemption of the WCG Senior Notes, including, without limitation, by means of (i) any amendment to the transaction documents pursuant to which the WCG Senior Notes were issued, (ii) an exchange offer or tender offer for the WCG Senior Notes or the WCG Note in consideration for which the Company or any Subsidiary of the Company issues debt securities of the Company or any Subsidiary of the Company, (iii) any redemption or repurchase, in whole or in part, of the WCG Senior Notes by the Company or any Subsidiary of the Company, (iv) any exercise of the "Share Trust Release Option" as defined in the transaction documents pursuant to which the WCG Senior Notes were issued, or (v) the Company or any Subsidiary of the Company making any payments in respect of the WCG Senior Notes or the WCG Note.

"WCG SENIOR NOTES" means those certain 8.25% Senior Secured Notes due 2004 in an aggregate principal amount of $1,400,000,000 issued by the WCG Senior Notes Issuer.

"WCG SENIOR NOTES ISSUER" means, collectively, WCG Note Trust, a Delaware business trust, and WCG Note Corp., Inc., a Delaware corporation.

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

"WCG SYNTHETIC LEASE" means that certain Amended and Restated Lease between State Street Bank and Trust Company of Connecticut, National Association, as Lessor and Williams Communications, Inc., as Lessee, dated as of September 2, 1998, as amended, which has been terminated and was fully repaid on March 29, 2002.

"WCG UNWIND TRANSACTION" means a transaction in which (i) the Company's and/or its Subsidiaries' Sale Leaseback transactions dated as of September 13, 2001, with (x) WCG and its Subsidiary, Williams Technology Center, LLC ("WTC") involving the Williams Technology Center and (y) WCG and its Subsidiary, Williams Communications, LLC, involving corporate aircraft (collectively, the "WCG SALE LEASEBACK"), are terminated, (ii) in exchange for such termination, the Company receives a promissory note or notes payable by the reorganized WCG, WTC and/or the other WCG Subsidiaries, individually or as co-makers, in an aggregate principal amount of $175,000,000 or less, and (iii) consideration from the Company and its Subsidiaries includes termination of the existing WCG Sale Leaseback, and the transfer of the Equity Interests in Williams Aircraft Leasing, LLC, but does not include any cash payment by the Company or any of its Subsidiaries to WCG or WTC.

"WECI NOTE" means that certain promissory note, dated as of December 28, 2000, issued by Williams Energy (Canada), Inc. in favor of the Registered Holders (as defined therein), as amended by Prairie Wolf Investors, L.L.C. Amendment No. 1, dated as of August 29, 2001, by Amendment No. 2 to Certain Prairie Wolf Operative Documents, dated as of March 28, 2002, and by Amendment No. 3 to Certain Operative Documents and Consents, dated as of October 31, 2002.

"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.

1.2 Number and Gender of Words; Other References. Unless otherwise specified, in the Loan Papers (a) where appropriate, the singular includes the plural and vice versa, and words of any gender include each other gender, (b) heading and caption references may not be construed in interpreting provisions, (c) monetary references are to currency of the United States of America, (d) section, paragraph, annex, schedule, exhibit, and similar references are to the particular Loan Paper in which they are used, (e) references to "telecopy," "facsimile," "fax," or similar terms are to facsimile or telecopy transmissions, (f) references to "including" mean including without limiting the generality of any description preceding that word, (g) the rule of construction that references to general items that follow references to specific items are limited to the same type or character of those specific items is not applicable in the Loan Papers, (h) references to any Person include that Person's heirs, personal representatives, successors, trustees, receivers, and permitted assigns, (i) references to any Law include every amendment or supplement to it, rule and regulation adopted under it, and successor or replacement for it, and (j) references to any Loan Paper or other document include every renewal and extension of it, amendment and supplement to it, and replacement or substitution for it.

1.3 Accounting Terms. All accounting terms not specifically defined shall be construed in accordance with general accounting principles, and each reference herein to "generally accepted accounting principles" shall mean generally accepted accounting principles in effect, consistently applied.

SECTION 2 BORROWING PROVISIONS.

2.1 Commitments; Borrowings from Designated Lenders. (a) Subject to and in reliance upon the terms, conditions, representations, and warranties in the Loan Papers, each Lender (or its predecessors-in-interest) has severally and not jointly made certain term loans to the Company pursuant to the Existing Loan Agreement in an original aggregate principal amount equal to $400,000,000, of which the amount equal to such Lender's "Outstanding Borrowings" as reflected on Schedule 2.1 of this Agreement remain outstanding as of the date hereof and shall be deemed to be Borrowings made hereunder. No amount borrowed and repaid under this Agreement may be reborrowed by the Company hereunder.

(b) For any Lender which is a Designating Lender, any Borrowing made from such Lender may be made from its Designated Lender in such Designated Lender's sole discretion, and nothing herein shall constitute a commitment to lend by such Designated Lender; provided that if any Designated Lender elects not to, or fails to, make any such Borrowing available, its Designating Lender hereby agrees that it shall make such Borrowing available pursuant to the terms hereof. Any Borrowing actually funded by a Designated Lender shall constitute a utilization of the Designating Lender's Pro Rata Part of the Commitment for all purposes hereunder.

2.2. Termination of Commitments. The Commitment Period has expired and the aggregate outstanding Principal Debt is $400,000,000 thereby reducing the Commitment to zero. Therefore, the parties hereto acknowledge and agree that none of the Agents or the Lenders have any further obligation or commitment to make any additional loans or advances to the Company under this Agreement.

2.3. [Intentionally Omitted.]

SECTION 3 TERMS OF PAYMENT

3.1 Loan Accounts, Notes, and Payments.

(a) Principal Debt shall be evidenced by the Term Notes issued under and pursuant to the Existing Loan Agreement.

(b) The Principal Debt owed to each Lender shall be further evidenced by one or more loan accounts or records maintained by such Lender in the ordinary course of business. The loan accounts or records maintained by the Administrative Agent (including, without limitation, the Register) and each Lender shall be conclusive evidence absent manifest error of the amount of the Borrowings made by the Company from each Lender under the Term Facility and the interest and principal payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company under the Loan Papers to pay any amount owing with respect to the Obligation.

(c) Each payment or prepayment on the Obligation is due and must be paid at Administrative Agent's principal office in New York, New York in funds which are or will be available for immediate use by Administrative Agent by 1:00 p.m., New York, New York time on the day due. Payments made after 1:00 p.m., New York, New York time, shall be deemed made on the Business Day next following. Administrative Agent shall pay to each Lender any payment or

prepayment to which such Lender is entitled hereunder on the same day Administrative Agent shall have received the same from the Company; provided such payment or prepayment is received by Administrative Agent prior to 1:00 p.m. New York, New York time and otherwise before 1:00 p.m. New York, New York time on the Business Day next following. If and to the extent Administrative Agent shall not make such payments to Lenders when due as set forth in the preceding sentence, such unpaid amounts shall accrue interest, payable by Administrative Agent, at the Federal Funds Rate from the due date until (but not including) the date on which Administrative Agent makes such payments to Lenders.

3.2 Interest and Principal Payments.

(a) Interest on each Eurodollar Rate Borrowing shall be due and payable as it accrues on the last day of its respective Interest Period and on the Maturity Date, as applicable; provided that if any Interest Period is a period greater than three (3) months, then accrued interest shall also be due and payable on the date three (3) months after the commencement of such Interest Period. Interest on each Base Rate Borrowing shall be due and payable as it accrues on the last day of each calendar month, and on the Maturity Date.

(b) The Company shall pay on the Maturity Date all outstanding Principal Debt, together with all accrued and unpaid interest and fees.

(c) By no later than five Business Days from the date of receipt by the Company or any of its Subject Subsidiaries of any Net Cash Proceeds from (i) any asset disposition (other than the MAPL Asset Disposition, the Seminole Asset Disposition, dispositions permitted by SECTIONS 8.16(i) and (iii) and any disposition of Collateral (other than the Refineries in Alaska and Memphis and the Assets related thereof)), (ii) an issuance of TWC Preferred Stock, (iii) any disposition of Collateral permitted pursuant to SECTION 8.16 (other than the Refineries in Alaska and Memphis and the assets related thereto and dispositions permitted by SECTION 8.16(i) and (iii)), or (iv) any issuance of Equity Interests by the Company (other than TWC Preferred Stock), the Company shall apply such Net Cash Proceeds as follows (for purposes of this SUBSECTION 3.2(c) the terms "Commitments" and "Banks" shall have the meanings assigned to such terms in the Primary Credit Agreement):

(A) So long as the aggregate Commitments of the Banks to the Company under the Primary Credit Agreement are greater than $400,000,000:

(1) in the case of any such Net Cash Proceeds arising from any disposition referred to in clause (i) above which consists of the Refinery in Alaska owned by certain Subsidiaries and the assets related thereto, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis to the permanent ratable reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement;

(2) in the case of any such Net Cash Proceeds arising from any asset disposition referred to in clause (i) above and not otherwise applied pursuant to sub-clause (1) above (including any disposition of the Refinery in Memphis, Tennessee owned by certain Subsidiaries and the assets related thereto), 50% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (A) reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement, (B) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (C) cash collateralization of the Legacy L/Cs;

(3) in the case of any such Net Cash Proceeds arising from an issuance of TWC Preferred Stock referred to in clause (ii) above, 100% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement, (y) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(4) in the case of any such Net Cash Proceeds arising from any disposition of Collateral referred to in clause (iii) above, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis to the permanent ratable (x) reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement and (y) Cash Collateralization of the Letter of Credit Commitments; and

(5) in the case of any such Net Cash Proceeds arising from any issuance of Equity Interests referred to in clause (iv) above, 50% of such Net Cash Proceeds shall be applied on a pro-rata basis, without duplication, to the permanent ratable (w) reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement, (x) Cash Collateralization of the of the Letter of Credit Commitments, (y) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (z) cash collateralization of the Legacy L/Cs;

(B) From and after such time that the aggregate Commitments of the Banks to the Company under the Primary Credit Agreement are equal to or less than $400,000,000:

(1) 50% of any Net Cash Proceeds arising from an asset disposition referred to in clause (A)(1) or (A)(4) above shall be applied, first, to fully Cash Collateralize the Letter of Credit Commitments and, second, upon the Letter of Credit Commitments being fully Cash Collateralized, to a pro-rata and permanent ratable (without duplication) (x) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and third, upon the full Cash Collateralization of the Letter of Credit Commitments, the reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) to zero, and the full cash collateralization of the Legacy L/Cs to a pro-rata and permanent reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement;

(2) 50% of any Net Cash Proceeds arising from an asset disposition referred to in clause (A)(2) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and, second, upon the reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) to zero and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement;

(3) 100% of an Net Cash Proceeds arising from an issuance of TWC Preferred Stock referred to in clause (A)(3) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (x) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs and , second, upon the reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) to zero and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to the Company under the Primary Credit Facility; and

(4) 50% of any Net Cash Proceeds arising from an issuance of Equity Interests referred to in clause (A)(5) above shall be applied, first, on a pro-rata basis, without duplication, to the permanent ratable (w) Cash Collateralization of the Letter of Credit Commitments, (x) reduction of the outstanding amounts of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) and (y) cash collateralization of the Legacy L/Cs, and second, upon the full Cash Collateralization of the Principal Debt and the other Progeny Facilities (excluding the Prairie Wolf Facility) to zero, and the full cash collateralization of the Legacy L/Cs, to a pro-rata and permanent reduction of the respective Commitments of the Banks to the Company under the Primary Credit Agreement.

provided that no such mandatory (w) reduction of the Commitments under the Primary Credit Agreement, (x) reduction of the outstanding amount of the Progeny Facilities (excluding the Prairie Wolf Facility), (y) cash collateralization of the Legacy L/Cs, or (z) Cash Collateralization of the Letter of Credit Commitments shall be required pursuant to this SECTION 3.2(c) until the earlier of (A) such time as the aggregate amount of Net Cash Proceeds from such asset dispositions and equity issuances that have not previously been applied in accordance herewith shall exceed $50,000,000, and (B) the end of the Fiscal Quarter in which such Net Cash Proceeds are received by the Company or any of its Subsidiaries. If a reduction of the Commitments under the Primary Credit Agreement pursuant to this SECTION 3.2(c) shall cause the Commitments under the Primary Credit Agreement as so reduced to be less than the aggregate outstanding principal amount of the "Advances" under the Primary Credit Agreement (such positive difference between such Commitments and such outstanding Advances being referred to herein as the "Excess Amount"), the Company shall repay an aggregate principal amount not less than such Excess Amount, and except as set forth in this proviso, the obligation of the Company to apply Net Cash Proceeds to the reduction of the Commitments of the Banks under the Primary Credit Agreement shall not require any payments to such Banks. Any and all amounts required to be prepaid on the Principal Debt pursuant to this SECTION 3.2(c) shall be made together with (1) all accrued and unpaid interest on the principal amount so prepaid and (2) any Consequential Loss arising as a result thereof.

(d) After giving Administrative Agent advance written notice of the intent to prepay, the Company may voluntarily prepay all or any part of the Principal Debt from time to time and at any time, in whole or in part, without premium or penalty; provided that: (i) such notice must be received by Administrative Agent by 1:00 p.m. New York, New York time on (A) the third Business Day preceding the date of prepayment of a Eurodollar Rate Borrowing, and (B) one Business Day preceding the date of prepayment of a Base Rate Borrowing; (ii) each such partial prepayment must be in a minimum amount of at least $5,000,000 or a greater integral multiple of $1,000,000 thereof (if a Eurodollar Rate Borrowing or a Base Rate Borrowing); and (iii) all accrued interest on the Obligation to be prepaid must also be paid in full, to the date of such prepayment. Each notice of prepayment shall specify the prepayment date, the Type of Borrowing(s) and amount(s) of such

Borrowing(s) to be prepaid and shall constitute a binding obligation of the Company to make a prepayment on the date stated therein.

3.3 Interest Options. Except where specifically otherwise provided, Borrowings shall bear interest at a rate per annum equal to the lesser of (a) as to the respective Type of Borrowing (as designated by the Company in accordance with this Agreement), the Base Rate plus the Applicable Margin for Base Rate Borrowings, the Adjusted Eurodollar Rate plus the Applicable Margin for Eurodollar Rate Borrowings, as the case may be, and (b) the Maximum Rate. Each change in the Base Rate or the Maximum Rate subject to the terms of this Agreement, will become effective, without notice to the Company or any other Person, upon the effective date of such change.

3.4. Quotation of Rates. It is hereby acknowledged that a Responsible Officer or other appropriately designated officer of the Company may call Administrative Agent on or before the date on which a Notice of Borrowing is to be delivered by the Company in order to receive an indication of the rates then in effect, but such indicated rates shall neither be binding upon Administrative Agent or Lenders nor affect the rate of interest which thereafter is actually in effect when the Notice of Borrowing is given.

3.5 Default Rate. At the option of Determining Lenders and to the extent permitted by Law, all past-due Principal Debt and accrued interest thereon shall bear interest from maturity (whether stated or by acceleration) at the Default Rate until paid, regardless whether such payment is made before or after entry of a judgment.

3.6 Interest Recapture. If the designated rate applicable to any Borrowing exceeds the Maximum Rate, the rate of interest on such Borrowing shall be limited to the Maximum Rate, but any subsequent reductions in such designated rate shall not reduce the rate of interest thereon below the Maximum Rate until the total amount of interest accrued thereon equals the amount of interest which would have accrued thereon if such designated rate had at all times been in effect. In the event that at maturity (stated or by acceleration), or at final payment of the Principal Debt, the total amount of interest paid or accrued is less than the amount of interest which would have accrued if such designated rates had at all times been in effect, then, at such time and to the extent permitted by Law, the Company shall pay an amount equal to the difference, if any, by which (a) the lesser of the amount of interest which would have accrued if such designated rates had at all times been in effect and the amount of interest which would have accrued if the Maximum Rate had at all times been in effect, exceeds (b) the amount of interest actually paid or accrued on the Principal Debt.

3.7 Interest Calculations.

(a) All payments of interest shall be calculated on the basis of actual number of days (including the first day but excluding the last day) elapsed but computed as if each calendar year consisted of (i) 360 days in the case of a Eurodollar Rate Borrowing or a Base Rate Borrowing calculated with reference to the Federal Funds Rate (unless such calculation would result in the interest on the Borrowings exceeding the Maximum Rate in which event such interest shall be calculated on the basis of a year of 365 or 366 days, as the case may be) and (ii) 365 or 366 days, as the case may be, in the case of a Base Rate Borrowing calculated with reference to the Prime Rate. All interest rate determinations and calculations by Administrative Agent shall be conclusive and binding absent manifest error.

(b) The provisions of this Agreement relating to calculation of the Base Rate and the Adjusted Eurodollar Rate are included only for the purpose of determining the rate of interest or other amounts to be paid hereunder that are based upon such rate.

3.8 Maximum Rate. Regardless of any provision contained in any Loan Paper, no Lender shall ever be entitled to contract for, charge, take, reserve, receive, or apply, as interest on the Obligation, or any part thereof, any amount in excess of the Maximum Rate, and, if a Lender ever does so, then such excess shall be deemed a partial prepayment of principal and treated hereunder as such and any remaining excess shall be refunded to the Company. In determining if the interest paid or payable exceeds the Maximum Rate, the Company and Lenders shall, to the maximum extent permitted under applicable Law, (a) treat all Borrowings as but a single extension of credit (and Lenders and the Company agree that such is the case and that provision herein for multiple Borrowings is for convenience only), (b) characterize any nonprincipal payment otherwise payable under the Loan Papers as an expense, fee, or premium, rather than as interest, (c) exclude voluntary prepayments and the effects thereof, and (d) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the Obligation; provided that, if the Obligation is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lenders shall refund such excess, and, in such event, Lenders shall not, to the extent permitted by Law, be subject to any penalties provided by any Laws for contracting for, charging, taking, reserving, or receiving interest in excess of the Maximum Amount.

3.9 Interest Periods. When the Company requests any Eurodollar Rate Borrowing, the Company may elect the interest period (each an "INTEREST PERIOD") applicable thereto, which shall be, at the Company's option, in respect of any Eurodollar Rate Borrowing, one, two, three, or six months; provided, however, that: (a) the initial Interest Period for a Eurodollar Rate Borrowing shall commence on the date of such Borrowing (including the date of any conversion thereto), and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period applicable thereto expires; (b) if any Interest Period for a Eurodollar Rate Borrowing begins on a day for which there is no numerically corresponding Business Day in the calendar month at the end of such Interest Period, such Interest Period shall end on the next Business Day immediately following what otherwise would have been such numerically corresponding day in the calendar month at the end of such Interest Period (unless such date would be in a different calendar month from what would have been the month at the end of such Interest Period, or unless there is no numerically corresponding day in the calendar month at the end of the Interest Period; whereupon, such Interest Period shall end on the last Business Day in the calendar month at the end of such Interest Period); (c) no Interest Period may be chosen with respect to any portion of the Principal Debt which would extend beyond the scheduled repayment date (including any dates on which mandatory prepayments are required to be made) for such portion of the Principal Debt; and (d) no more than an aggregate of six (6) Interest Periods shall be in effect at one time.

3.10 Conversions. The Company may (a) convert a Eurodollar Rate Borrowing on the last day of an Interest Period to a Base Rate Borrowing, (b) convert a Base Rate Borrowing at any time to a Eurodollar Rate Borrowing, and (c) elect a new Interest Period (in the case of a Eurodollar Rate Borrowing), by giving notice (a "NOTICE OF CONVERSION," substantially in the form of EXHIBIT B) of such intent no later than 11:00 a.m. New York, New York, time on the third Business Day prior to the date of conversion or the last day of the Interest Period, as the case may be (in the case of a conversion to a Eurodollar Rate Borrowing or an election of a new Interest Period), and no later than 11:00 a.m. New York, New York time one Business Day prior to the last day of the Interest Period (in the case of a conversion to a Base Rate Borrowing); provided that the principal amount converted to, or continued as, a Eurodollar Rate Borrowing shall be in an amount not less than $5,000,000 or a greater integral multiple of $1,000,000. Administrative Agent shall timely notify each Lender with respect to each Notice of Conversion. Absent the Company's Notice of Conversion or election of a new Interest Period, a Eurodollar Rate Borrowing shall be deemed converted to a Base Rate Borrowing effective as of the expiration of the Interest Period applicable thereto. No Eurodollar Rate Borrowing may be continued as a Eurodollar Rate Borrowing, and no Base Rate Borrowing may be converted to a Eurodollar Rate Borrowing, if (i) a Default has occurred and is continuing, or (ii) the interest rate for such Eurodollar Rate Borrowing would exceed the Maximum Rate.

3.11 Order of Application.

(a) So long as no Default or Potential Default has occurred and is continuing, payments and prepayments of the Obligation shall be applied in the order and manner as the Company may direct; provided that, each such payment or prepayment (other than payments of fees payable solely to any Agent or a specific Lender) shall be allocated among Lenders in proportion to their respective Pro Rata Parts appropriate for the Term Facility in respect of which such payments were made.

(b) If a Default or Potential Default has occurred and is continuing (or if the Company fails to give directions as permitted under SECTION 3.11(a)), any payment or prepayment (including proceeds from the exercise of any Rights) shall be applied in the following order: (i) to the ratable payment of all fees and expenses for which Agents or Lenders have not been paid or reimbursed in accordance with the Loan Papers (as used in this SECTION 3.11(b), a "ratable payment" for any Lender or Agents shall be, on any date of determination, that proportion which the portion of the total fees and indemnities owed to such Lender or Agents bears to the total aggregate fees and indemnities owed to all Lenders or Agents on such date of determination); (ii) to the Pro Rata payment of all accrued and unpaid interest on the Principal Debt; (iii) to the Pro Rata payment of the remaining Principal Debt in such order as Determining Lenders may elect (provided that, Determining Lenders will apply such proceeds in an order that will minimize any Consequential Loss); and (vii) to the payment of the remaining Obligation in the order and manner Determining Lenders deem appropriate.

3.12 Sharing of Payments, Etc.. If any Lender shall obtain any payment (whether voluntary, involuntary, or otherwise, including, without limitation, as a result of exercising its Rights under SECTION 3.13) which is in excess of its ratable share of any such payment, such Lender shall purchase from the other Lenders such participations as shall be necessary to cause such purchasing Lender 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 Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery. The Company agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may to the fullest extent permitted by Law, exercise all of its Rights of payment (including the Right of offset) with respect to such participation as fully as if such Lender were the direct creditor of the Company in the amount of such participation.

3.13 Offset. Upon the occurrence and during the continuance of a Default, each Lender shall be entitled to exercise (for the benefit of all Lenders in accordance with SECTION 3.12) the Rights of offset and/or banker's Lien against each and every account and other property, or any interest therein, which the Company may now or hereafter have with, or which is now or hereafter in the possession of, such Lender to the extent of the full amount of the Obligation owed to such Lender.

3.14 Booking Borrowings. To the extent permitted by Law, any Lender may make, carry, or transfer its Borrowings at, to, or for the account of any of its branch offices or the office of any of its Affiliates; provided that no Affiliate shall be entitled to receive any greater payment under SECTION 4 than the transferor Lender would have been entitled to receive with respect to such Borrowings.

SECTION 4 CHANGE IN CIRCUMSTANCES.

4.1 Increased Cost and Reduced Return.

(a) If, after the date hereof, the adoption of any applicable law, rule, or regulation or any change in any applicable law, rule, or regulation, or any change in the interpretation or administration

thereof by any Governmental Authority, or compliance by any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such Governmental Authority:

(i) shall subject such Lender (or its Applicable Lending Office) to any Tax or other charge with respect to any Eurodollar Rate Borrowing, its Notes, or its obligation to loan Eurodollar Rate Borrowings, or change the basis of taxation of any amounts payable to such Lender (or its Applicable Lending Office) under this Agreement or its Notes in respect of any Eurodollar Rate Borrowings (other than with respect to taxes imposed on the taxable net income of such Lender by any jurisdiction within which such Lender is incorporated or organized or has its principal office, or within which such Applicable Lending Office is located, or by any other jurisdiction in which such Lender is deemed to be doing business);

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the determination of the Adjusted Eurodollar Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender (or its Applicable Lending Office), including the commitment of such Lender hereunder; or

(iii) shall impose on such Lender (or its Applicable Lending Office) or the London interbank market any other condition affecting this Agreement or its Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making, converting into, continuing, or maintaining any Eurodollar Rate Borrowings or to reduce any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or its Notes with respect to any Eurodollar Rate Borrowing, then the Company shall pay to such Lender on demand such amount or amounts as will compensate such Lender for such increased cost or reduction as provided in SECTION 4.1(c) below. If any Lender requests compensation by the Company under this SECTION 4.1(a), the Company may, by notice to such Lender (with a copy to Administrative Agent), suspend the obligation of such Lender to loan or continue Borrowings of the Type with respect to which such compensation is requested, or to convert Borrowings of any other Type into Borrowings of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of SECTION 4.4 shall be applicable); provided, that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(b) If, after the date hereof, any Lender shall have determined that the adoption of any applicable Law regarding capital adequacy or any change therein or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority has or would have the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand the Company shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction; provided, however, that the Company shall not be obligated to pay any such additional amount or amounts incurred or accruing more than ninety (90) days prior to the date on which the affected Lender gives written notice thereof in accordance with SECTION 4.1(c) below.

(c) Each Lender shall promptly notify the Company and Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to it. Any Lender claiming compensation under this Section shall furnish to the Company and Administrative Agent a statement setting forth in reasonable detail the additional amount or amounts to be paid hereunder which shall be presumed correct in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

4.2 Limitation on Types of Loans. If on or prior to the first day of any Interest Period for any Eurodollar Rate Borrowing:

(a) Administrative Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) Determining Lenders determine (which determination shall be conclusive) and notify Administrative Agent that the Adjusted Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding Eurodollar Rate Borrowings for such Interest Period;

then Administrative Agent shall give the Company prompt notice thereof specifying the relevant amounts or periods, and so long as such condition remains in effect, the Lenders shall be under no obligation to fund additional Eurodollar Rate Borrowings, continue Eurodollar Rate Borrowings, or to convert Base Rate Borrowings into Eurodollar Rate Borrowings, and the Company shall, on the last day(s) of the then current Interest Period(s) for the outstanding Eurodollar Rate Borrowings, either prepay such Borrowings or convert such Borrowings into Base Rate Borrowings in accordance with the terms of this Agreement.

4.3 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to make, maintain, or fund Eurodollar Rate Borrowings hereunder, then such Lender shall promptly notify the Company thereof and such Lender's obligation to make or continue Eurodollar Rate Borrowings and to convert other Base Rate Borrowings into Eurodollar Rate Borrowings shall be suspended until such time as such Lender may again make, maintain, and fund Eurodollar Rate Borrowings (in which case the provisions of SECTION 4.4 shall be applicable).

4.4 Treatment of Affected Loans. If the obligation of any Lender to fund Eurodollar Rate Borrowings or to continue, or to convert Base Rate Borrowings into Eurodollar Rate Borrowings, shall be suspended pursuant to SECTIONS 4.1, 4.2, or 4.3 hereof, such Lender's Eurodollar Rate Borrowings shall be automatically converted into Base Rate Borrowings on the last day(s) of the then current Interest Period(s) for Eurodollar Rate Borrowings (or, in the case of a conversion required by SECTION 4.3 hereof, on such earlier date as such Lender may specify to the Company with a copy to Administrative Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in SECTIONS 4.1, 4.2, or 4.3 hereof that gave rise to such conversion no longer exist:

(a) to the extent that such Lender's Eurodollar Rate Borrowings have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Eurodollar Rate Borrowings shall be applied instead to its Base Rate Borrowings; and

(b) all Borrowings that would otherwise be made or continued by such Lender as Eurodollar Rate Borrowings shall be made or continued instead as Base Rate Borrowings, and all

Borrowings of such Lender that would otherwise be converted into Eurodollar Rate Borrowings shall be converted instead into (or shall remain as) Base Rate Borrowings.

If such Lender gives notice to the Company (with a copy to Administrative Agent) that the circumstances specified in SECTIONS 4.1, 4.2, or 4.3 hereof that gave rise to the conversion of such Lender's Eurodollar Rate Borrowings pursuant to this SECTION 4.4 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Eurodollar Rate Borrowings made by other Lenders are outstanding, such Lender's Base Rate Borrowings shall be automatically converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Eurodollar Rate Borrowings, to the extent necessary so that, after giving effect thereto, all Eurodollar Rate Borrowings held by the Lenders and by such Lender are held Pro Rata (as to principal amounts, Types, and Interest Periods).

4.5 Compensation; Replacement of Lenders.

(a) Upon the request of any Lender, the Company shall pay to such Lender such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any Consequential Loss; provided that, in each case, the Person claiming such Consequential Loss has furnished the Company with a reasonably detailed statement of such loss, which statement shall be conclusive in the absence of manifest error.

(b) If any Lender requests compensation under SECTIONS 4.1 or if the Company is required to pay additional amounts to or for the account of any Lender pursuant to SECTION 4.6 (collectively, "ADDITIONAL AMOUNTS"), then the Company may, at its sole expense and effort, upon written notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse, all its interests, Rights, and obligations under this Agreement and the other Loan Papers to an Eligible Assignee that shall assume such obligations; provided that, (i) the Company shall have received the prior written consent of Administrative Agent to any such assignment; (ii) such Lender shall have received payment from the Company of any Additional Amounts owed to such Lender by the Company for periods prior to the replacement of such Lender and any costs incurred as a result of such replacement of a Lender; (iii) such assignment will result in reduction or elimination of the Additional Amounts; and (iv) such assignment and acceptance shall be made in accordance with, and subject to the requirements and restrictions contained in, SECTION 12.13(b), other than the restrictions imposed by SECTION 12.13(b)(iv). A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling such Borrowing to require such assignment and delegation cease to apply.

4.6 Taxes.

(a) Any and all payments by the Company to or for the account of any Lender or Administrative Agent hereunder or under any other Loan Paper shall be made free and clear of and without deduction for any and all present or future Taxes, excluding, in the case of each Lender and Administrative Agent, Taxes imposed on its income and franchise Taxes imposed on it by any jurisdiction within which such Lender (or its Applicable Lending Office) or Administrative Agent (as the case may be) is incorporated or organized, or any political subdivision thereof, or by any other jurisdiction in which such Lender or Administrative Agent, as the case may be, is deemed to be doing business under the Tax Laws thereof (all such Non-Excluded Taxes referred to as "NON-EXCLUDED TAXES"). If the Company shall be required by law to deduct any Non-Excluded Taxes from or in respect of any sum payable under this Agreement or any other Loan Paper to any Lender or Administrative Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this

SECTION 4.6) such Lender or Administrative Agent receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions, (iii) the Company shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law, and (iv) within thirty (30) days after the date of any payment of Non-Excluded Taxes, the Company shall furnish to Administrative Agent, at its address listed in SCHEDULE 2.1, the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Company agrees to pay any and all present or future stamp or documentary taxes or charges or similar levies which arise from any payment made under this Agreement or any other Loan Paper or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Loan Paper (hereinafter referred to as "OTHER TAXES").

(c) THE COMPANY AGREES TO INDEMNIFY EACH LENDER AND ADMINISTRATIVE AGENT FOR THE FULL AMOUNT OF NON-EXCLUDED TAXES THAT SHOULD HAVE BEEN WITHHELD BY THE COMPANY AND OTHER TAXES (INCLUDING, WITHOUT LIMITATION, ANY NON-EXCLUDED TAXES THAT SHOULD HAVE BEEN WITHHELD BY THE COMPANY OR OTHER TAXES IMPOSED OR ASSERTED BY ANY JURISDICTION ON AMOUNTS PAYABLE UNDER THIS SECTION 4.6) PAID BY SUCH LENDER OR ADMINISTRATIVE AGENT (AS THE CASE MAY BE) AND ANY LIABILITY (INCLUDING PENALTIES, INTEREST, AND EXPENSES) ARISING THEREFROM OR WITH RESPECT THERETO.

(d) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Company or Administrative Agent (but only so long as such Lender remains lawfully able to do so), shall provide the Company and Administrative Agent with (i) two duly completed, accurate, and signed copies of Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States, (ii) a duly completed, accurate and signed Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, and (iii) any other form or certificate required by any taxing authority (including any certificate required by Sections 871(h) and 881(c) of the Internal Revenue Code), certifying that such Lender is entitled to an exemption from or a reduced rate of tax on payments pursuant to this Agreement or any of the other Loan Papers.

(e) For any period with respect to which a Lender has failed to provide the Company and Administrative Agent with the appropriate form pursuant to SECTION 4.6(d) (unless such failure is due to a change in Law, other than any change in the nature of an anti-treaty shopping or limitation on benefits or similar provision, occurring subsequent to the date on which a form originally was required to be provided), such Lender shall not be entitled to indemnification under SECTION 4.6(a) or 4.6(b) with respect to Taxes imposed by the United States; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Company shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(f) If the Company is required to pay additional amounts to or for the account of any Lender pursuant to this SECTION 4.6, then such Lender will agree to use reasonable efforts to change

the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender, is not otherwise disadvantageous to such Lender.

(g) Without prejudice to the survival of any other agreement of the Company hereunder, the agreements and obligations of the Company contained in this SECTION 4.6 shall survive the payment in full of the Notes.

SECTION 5 FEES

5.1 Treatment of Fees. Except as otherwise provided by Law, the fees described in this SECTION 5: (a) do not constitute compensation for the use, detention, or forbearance of money, (b) are in addition to, and not in lieu of, interest and expenses otherwise described in this Agreement, (c) shall be payable in accordance with SECTION 3.1, (d) shall be non-refundable, (e) shall, to the fullest extent permitted by Law, bear interest, if not paid when due, at the Default Rate, and (f) shall be calculated on the basis of actual number of days (including the first day but excluding the last day) elapsed, but computed as if each calendar year consisted of 360 days.

5.2 Fees of Administrative Agent and Arranger. The Company shall pay to Administrative Agent or Arranger, as the case may be, solely for their respective accounts, the fees described in that certain separate letter agreement dated as of January 26, 2000, between the Company, Administrative Agent, and Arranger, which payments shall be made on the dates specified, and in amounts calculated in accordance with, such letter agreement.

5.3 Amendment Fee. The Company shall pay an amendment fee to each Lender that shall have approved this Agreement and shall have delivered a duly executed counterpart hereof not later than 5:00 p.m. (central standard time), on the Closing Date equal to the product of 0.10% multiplied by such Lender's Pro Rata Part of the Principal Debt, payable in immediately available funds to each such Lender on the Closing Date.

SECTION 6 CONDITIONS PRECEDENT

6.1 Conditions Precedent to Closing. This Agreement shall not become effective unless Administrative Agent has received all of the agreements, documents, instruments, and other items described on SCHEDULE 6.1. For purposes of determining compliance with the conditions specified in this SECTION 6.1, each Lender who has executed and delivered this Agreement shall be deemed to have (i) consented to, approved, authorized and accepted and to be satisfied with each document or other matter required under this SECTION 6.1 (provided that such Lender has received access to a copy of the L/C Agreement and the Primary Credit Agreement) and (ii) authorized the Administrative Agent to execute on such Lender's behalf the documents set forth in item 2 of SCHEDULE 6.1, as applicable, unless both (x) an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received written notice from such Lender prior to the Closing Date specifying its objection thereto and (y) such Lender shall not have accepted any portion of the fees set forth in SECTION 5.3. The Administrative Agent shall give the Company notice when all actions required by SECTION 6.1 have been satisfied.

SECTION 7 REPRESENTATIONS AND WARRANTIES. To induce Lenders to enter into this Agreement and to make the loans herein provided for, the Company hereby covenants, represents and warrants to the Administrative Agent and to each Lender that:

7.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate 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 Company and its Material Subsidiaries taken as a whole. Each Material Subsidiary (other than NewGP, if applicable) of the Company is duly organized or formed, validly existing and 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 Company and its Material Subsidiaries (other than NewGP, if applicable) taken as a whole. Each Material Subsidiary (other than NewGP, if applicable) has all 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 Company and its Material Subsidiaries (other than NewGP, if applicable) taken as a whole.

7.2 Authorization and Power. After giving effect to this Agreement, the Primary Credit Agreement, the L/C Agreement, the Barrett Loan Agreement and the other Progeny Facilities and assuming the consummation of the transactions contemplated thereby, the execution, delivery and performance by the Company and the Guarantors and the consummation of the transactions contemplated thereby are within the Company's or such Guarantor's, as the case may be, corporate or limited liability company powers, have been duly authorized by all necessary corporate or limited liability company action, do not contravene (a) the Company's or such Guarantor's, as the case may be, charter, by-laws or formation agreement, or (b) law or any contractual restriction binding on or affecting the Company or any Guarantor and will not result in or require the creation or imposition of any Lien prohibited by this Agreement.

7.3 Approvals and Consents. 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 Company or any Guarantor of the Loan Papers to which any of them is a party or the consummation of the transactions contemplated by this Agreement.

7.4 Enforceable Obligation. Each Loan Paper has been duly executed and delivered by the Company or the applicable Guarantor, as the case may be, and is the legal, valid and binding obligation of the Company or such Guarantor, enforceable 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 Notes of the Company are, the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditor's rights generally and by general principles of equity.

7.5 Financial Condition. The Consolidated balance sheet of the Company and its Subsidiaries as at December 31,1999, and the related Consolidated statements of income and cash flows of the Company and its Subsidiaries for the fiscal year then ended, duly certified by an authorized financial officer of the Company, fairly present, the Consolidated financial condition of the Company and its Subsidiaries as at such

date and the Consolidated results of operations of the Company and its Subsidiaries for the year ended on such date, all in accordance with GAAP consistently applied.

7.6 No Material Controversies. Except as set forth in the Public Filings or in SCHEDULE II or as otherwise disclosed in writing to the Administrative Agent after the date hereof and approved by the Administrative Agent and the Determining Lenders, there is no pending or, to the knowledge of the Company, threatened action or proceeding affecting the Company or any Material Subsidiary (including for the purposes of this SECTION 7.6, any WCG Subsidiary and excluding NewGP, if applicable) before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Company 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.

7.7 Investment Company. The Company 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.

7.8 ERISA Compliance. 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 Company or any Material Subsidiaries (other than NewGP, if applicable) of the Company (including for the purposes of this SECTION 7.8, any material WCG Subsidiaries). Neither the Company 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 Company 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 could reasonably be expected to have a material adverse effect on the Company or any Material Subsidiaries (other than NewGP, if applicable) of the Company (including for the purposes of this SECTION 7.8, any material WCG Subsidiaries) or any ERISA Affiliate.

7.9 Taxes. As of the date of this Agreement, the United States federal income tax returns of the Company and its Material Subsidiaries (other than NewGP, if applicable) have been examined through the fiscal year ended December 31, 1995. The Company 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 Company 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 Company and its material Subsidiaries in respect of taxes are adequate.

7.10 Holding Company. The Company 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.

7.11 Environmental Compliance. Except as set forth on Schedule IV or in the Public Filings or as otherwise disclosed in writing to the Administrative Agent after the date hereof and approved by the Administrative Agent and the Determining Lenders, the Company and its Material Subsidiaries (other than NewGP, if applicable) are in compliance in all material respects with all Environmental Protection Statutes to the extent material to the operations or the Consolidated financial condition of the Company and its Consolidated Subsidiaries taken as a whole. Except as set forth in the Public Filings or as otherwise disclosed in writing to the Administrative Agent after the date hereof and approved by the Administrative Agent and the Determining Lenders, the aggregate contingent and non-contingent liabilities of the Company and its Consolidated Subsidiaries (other than those reserved for in accordance with GAAP and set forth in the

financial statements regarding the Company referred to in SECTION 7.5 and delivered to the Administrative Agent and excluding liabilities to the extent covered by insurance if the insurer has confirmed that such insurance covers such liabilities or which the Company reasonably expects to recover from ratepayers) which are reasonably expected to arise in connection with (a) the requirements of Environmental Protection Statutes or (b) 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 the Company and its Consolidated Subsidiaries (including for the purposes of this SECTION 7.11, the WCG Subsidiaries), taken as a whole. The Company and each of its Material Subsidiaries (other than NewGP, if applicable) holds, or has submitted a good faith application for all Environmental Permits (none of which have been terminated or denied) required for any of its current operations or for any property owned, leased, or otherwise operated by it; and is, and within the period of all applicable statutes of limitation has been, in compliance with all of its Environmental Permits.

7.12 Use of Proceeds.

(a) No proceeds of any Borrowings will be used for any purposes or in any manner not permitted by SECTION 8.15.

(b) The Company 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 Borrowing will be used to purchase or carry any such margin stock (other than purchases of common stock expressly permitted by SECTION 8.15) 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 Borrowing, not more than twenty-five percent (25%) of the value of the assets of the Company will be represented by such margin stock and not more than twenty-five percent (25%) of the value of the assets of the Company and its Subsidiaries (including for the purposes of this SECTION 7.12(b), the WCG Subsidiaries) will be represented by such margin stock.

SECTION 8 COVENANTS

The Company covenants and agrees to perform, observe, and comply with each of the following covenants, from the Closing Date and so long thereafter as Lenders are committed to fund Borrowings under this Agreement and thereafter until the payment in full of the Principal Debt and payment in full of all other interest, fees, and other amounts of the Obligation then due and owing, unless Company receives a prior written consent to the contrary by Administrative Agent as authorized by Determining Lenders:

8.1 Compliance with Laws, Etc. The Company shall comply, and cause each of its Subject 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 Company and its Subject 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 Subject Subsidiaries or upon any of its property or any property of any of its Subject Subsidiaries, and all lawful claims which, if unpaid, might become a Lien upon any property of it or any of its Subject Subsidiaries, provided that neither the Company nor any of its Subject Subsidiaries 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 GAAP, if required by such principles, have been provided on the books of the Company or such Subject Subsidiary, as the case may be.

8.2 Financial Statements, Reports and Documents. The Company shall deliver to the Administrative Agent copies of the following:

(a) as soon as possible and in any event within five (5) days after the occurrence of each Default or Potential Default, continuing on the date of such statement, a statement of an authorized financial officer of the Company setting forth the details of such Default or Potential Default and the actions, if any, which the Company has taken and proposes to take with respect thereto;

(b) as soon as available and in any event not later than 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Company, (1) the unaudited Consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such Fiscal Quarter and the unaudited Consolidated statements of income and cash flows of the Company and its Consolidated Subsidiaries for the period commencing at the end of the previous year and ending with the end of such Fiscal Quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments and the lack of footnotes) by an authorized financial officer of the Company as having been prepared in accordance with generally accepted accounting principles; provided that, if any financial statement referred to in this SECTION 8.2(b) is readily available on-line through EDGAR as of the date on which such financial statement is required to be delivered hereunder, the Company shall not be obligated to furnish copies of such financial statement; and (2) a certificate of an authorized financial officer of the Company (a) stating that he has no knowledge that a Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action, if any, which the Company proposes to take with respect thereto, and (b) showing in detail the calculation supporting such statement in respect of SECTION 8.6;

(c) as soon as available and in any event not later than 105 days after the end of each Fiscal Year of the Company, (1) a copy of the annual audited report for such year for the Company and its Consolidated Subsidiaries, including therein Consolidated balance sheets of the Company and its Consolidated Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Company and its Consolidated Subsidiaries for such Fiscal Year, in each case prepared in accordance with generally accepted accounting principles and reported on by Ernst & Young, LLP or other independent certified public accountants of recognized standing acceptable to the Determining Lenders; provided that if any financial statement referred to in this SECTION 8.2(c) is readily available on-line through EDGAR as of the date on which such financial statement is required to be delivered hereunder, the Company shall not be obligated to furnish copies of such financial statement; and (2) a letter of such accounting firm to the Lenders (a) stating that, in the course of the regular audit of the business of the Company and its Consolidated Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default or Event of Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default or Event of Default 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 8.6 (which letter may nevertheless be limited in form, scope and substance to the extent required by applicable accounting rules or guidelines in effect from time to time);

(d) such other information respecting the business or properties, or the condition or operations, financial or otherwise, of the Company or any of its Material Subsidiaries as any Lender, through the Administrative Agent, may from time to time reasonably request;

(e) promptly after the sending or filing thereof, copies of all proxy material, reports and other information which the Company sends to any of its security holders, and copies of all final reports and final registration statements which the Company or any Material Subsidiary 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 Company or such Material Subsidiary shall not be obligated to furnish copies thereof;

(f) as soon as possible and in any event within 30 Business Days after the Company or any ERISA Affiliate knows or has reason to know (A) that any Termination Event described in CLAUSE (a) of the definition of Termination Event with respect to any Plan has occurred that could have a material adverse effect on the Company or any Material Subsidiary of the Company 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 Company or any Material Subsidiary of the Company, a statement of the chief financial officer or chief accounting officer of the Company describing such Termination Event and the action, if any, which the Company proposes to take with respect thereto;

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

(h) within thirty (30) days following request therefor by the Administrative Agent, copies of each Schedule B (Actuarial Information) to each annual report (Form 5500 Series) of the Company or any ERISA Affiliate with respect to each Plan;

(i) promptly and in any event within twenty-five (25) Business Days after receipt thereof by the Company or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Company or any ERISA Affiliate concerning (i) the imposition of a Withdrawal Liability by a Multiemployer Plan, (ii) the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA, (iii) the termination of a Multiemployer Plan within the meaning of Title IV of ERISA, or (iv) the amount of liability incurred, or expected to be incurred, by the Company or such ERISA Affiliate in connection with any event described in CLAUSE (i), (ii) or (iii) above that, in each case, could have a material adverse effect on the Company or any ERISA Affiliate;

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

(k) promptly after any change in, or withdrawal or termination of, the rating of any senior unsecured long-term debt of the Company by S&P or Moody's, notice thereof; and

(l) promptly after any officer of the Company obtains knowledge thereof, notice of (A) any material violation of, noncompliance with, or remedial obligations under, any Environmental

Protection Statute or notification of such violation or noncompliance received from any Governmental Authority, and (B) any material release or threatened material release of Hazardous Substance or Hazardous Waste affecting any property owned, leased or operated by the Company or any Subsidiary of the Company that the Company or such Subsidiary is compelled by the requirements of any Environmental Protection Statute to report to any governmental agency, department, board or other instrumentality.

8.3 Maintenance of Insurance. The Company shall maintain, and cause each of its Material Subsidiaries (other than NewGP, if applicable) 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 Company or such Material Subsidiaries operate, provided that the Company 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.

8.4 Preservation of Corporate Existence, Etc. The Company shall preserve and maintain, and cause each of its Subject Subsidiaries (other than the WCG Senior Notes Issuer) 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 Subject 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 (a) in the case of any Subject Subsidiary of the Company, where the failure of such Subject 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 Company and its Subject Subsidiaries taken as a whole; (b) in the case of the Company, where the failure of the Company 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 Company and its Subject Subsidiaries taken as a whole; (c) the Company and its Subject Subsidiaries may consummate any merger or consolidation permitted pursuant to SECTION 8.7; (d) the Company or any Subject Subsidiary of the Company may be converted into a limited liability company by statutory election; provided that any such conversion of the Company shall not affect its liabilities and obligations to the Lenders pursuant to this Agreement; and (e) Permitted Dispositions and other dispositions permitted hereunder.

8.5 Debt; Interest Coverage. The Company shall not permit: (a) in the case of the Company, the ratio of (i) the aggregate amount of Consolidated Debt of the Company and its Consolidated Subsidiaries to (ii) the sum of the Consolidated Net Worth of the Company plus the aggregate amount of Consolidated Debt of the Company and its Consolidated Subsidiaries, to exceed at any time (x) on or before December 30, 2002, 0.70 to 1.00, (y) after December 30, 2002 and on or before March 30, 2003, 0.68 to 1.00, and (z) after March 30, 2003, 0.65 to 1.00; (b) in the case of each of TGPL, TGT and NWP, the ratio of (i) the aggregate amount of Consolidated Debt of such Subsidiary and its Subsidiaries on a Consolidated basis, to (ii) the sum of the Consolidated Net Worth of such Subsidiary plus the aggregate amount of Consolidated Debt of such Subsidiary and its Subsidiaries on a Consolidated basis, to exceed at any time 0.55 to 1.00.; and (c) for any period of four consecutive Fiscal Quarters, the ratio of (i) the sum of Cash Flow from operations of the Company plus Interest Expense of the Company to (ii) Interest Expense of the Company, to be less than 1.5 to 1.0.

8.6 Liens, Etc. The Company shall not create, assume, incur or suffer to exist, or permit any of its Subject 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 Subject Subsidiary to assign or otherwise convey, any right to receive income, in each case to secure or provide for the payment of any Debt, trade payable or other obligation or liability or any Person (other than obligations or

liabilities that are (i) neither Debt nor trade payables, (ii) incurred, and are owed to trading counterparties, in the ordinary course of the Company or any of its Subject Subsidiaries, (iii) secured only by cash, short-term investments or a Letter of Credit, and (iv) permitted by SECTION 8.18); provided however, that notwithstanding the foregoing (1) the Company or any of its Subject Subsidiaries may create, incur, assume or suffer to exist Permitted Liens, and (2) RMT and RMT LLC may create, incur, assume or suffer to exist any Lien created pursuant to the Barrett Loan Agreement.

8.7 Merger and Sale of Assets. The Company shall not merge or consolidate with or into any other Person, or sell, lease or otherwise transfer a material part of its assets, or permit any of its Major Subsidiaries (other than Apco Argentina, Inc. and its Subsidiaries, and NewGP, if applicable) to merge or consolidate with or into any other Person, or sell, lease or otherwise transfer a material part of such Major Subsidiary's assets, except that this SECTION 8.17 shall not prohibit any sale or transfer permitted by SECTIONS 8.10, 8.16, 8.18 or any Permitted Disposition.

8.8 Agreements to Restrict Dividends and Certain Transfers. The Company shall not enter into or suffer to exist, or permit any of its Subject Subsidiaries to enter into or suffer to exist, any consensual encumbrance or consensual restriction (except under governmental regulations) on its ability or the ability of any of its Subject Subsidiaries (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 Company or to any of its Subject Subsidiaries; or (ii) to make loans or advances to the Company or any Subject Subsidiary thereof, except, as to (i) and (ii) above, (1) encumbrances and restrictions on any Subsidiary that is not a Material Subsidiary, (2) those encumbrances and restrictions existing on July 31, 2002, (3) other customary encumbrances and restrictions now or hereafter existing of the Company or any Subsidiary thereof 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 Company or its Subsidiaries existing on July 31, 2002, (4) encumbrances or restrictions on any Subsidiary that is obligated to pay Non-Recourse Debt arising in connection with such Non-Recourse Debt, (5) encumbrances and restrictions on Apco Argentina, Inc. or its Subsidiaries and (6) encumbrances and restrictions on any Subsidiary pursuant to the Barrett Loan Agreement.

8.9 Loans and Advances; Investments. The Company shall not (i) make or permit to remain outstanding, or allow any of its Subject Subsidiaries to make or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any obligations or debt or Equity Interests of, any WCG Subsidiary, except that the Company and its Subject Subsidiaries may (1) permit to remain outstanding, and to replace or refinance, loans and advances and other financing arrangements to, or Equity Interest in, a WCG Subsidiary existing or owned (in the case of such Equity Interests) as of July 31, 2002 and listed on EXHIBIT F hereto, but no such replacement or refinancing shall exceed the amount of such loans, advances or other amounts outstanding immediately prior to such replacement or refinancing, (2) pursuant to the WCG Unwind Transaction, acquire and own the promissory notes referred to in CLAUSE (ii) of the definition herein of WCG Unwind Transaction, (3) receive any distribution from WCG or any Subsidiary thereof in connection with the bankruptcy proceedings of WCG or any Subsidiary thereof, and (4) purchase WCG Note Trust Bonds in accordance with SECTION 8.18. Except for those investments permitted in SUBSECTIONS (1), (2), (3) and (4) above, the Company shall not, and the Company shall not permit any of its Subject Subsidiaries to, acquire or otherwise invest in Equity Interests in, or make any loan or advance to, a WCG Subsidiary; and (ii) to the extent not expressly permitted by the terms of this Agreement, (x) amend or modify in any manner, or allow any of its Subject Subsidiaries to amend or modify in any manner, the Barrett Loans or the Barrett Loan Agreement on terms or conditions which would (1) increase the Collateral therefor to include assets not owned by Barrett on the date hereof except for assets acquired hereafter by Barrett in the ordinary course of business as presently conducted by Barrett, (2) shorten the maturity of the Barrett Loans, or (3) add any additional obligors with respect thereto, or (y) replace or refinance, or allow any of its Subject Subsidiaries to replace or refinance, the Barrett Loans unless the Board of Directors of the Company shall determine by resolution that

such replacement or refinancing is on the best terms reasonably available to the Company or Barrett at such time.

8.10 Maintenance of Ownership of Certain Subsidiaries. The Company shall not 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 Equity Interests or any direct or indirect interest in any Equity Interests in any of its Material Subsidiaries (other than NewGP, if applicable, the Refineries, MAPL, Seminole and their respective Subsidiaries and the Persons or assets referenced on Schedule V); provided, however, that this SECTION 8.10 shall not prohibit (i) Permitted Liens, (ii) the sale or other disposition of the Equity Interests in any Subsidiary of the Company to the Company or any Wholly-Owned Subsidiary of the Company if, but only if, (x) there shall not exist or result a Default or Event of Default and (y) in the case of each sale or other disposition referred to in this proviso involving the Company or any of its Subsidiaries, such sale or other disposition could not reasonably be expected to impair materially the ability of the Company to perform its obligations hereunder and any other Loan Documents and the Company shall continue to exist, (iii) any Subsidiary from selling or otherwise disposing of any direct or indirect Equity Interests in any Subsidiary (other than TGPL, TGT, or NWP) of the Company, (iv) any RMT Asset Disposition, (v) the sale or other disposition of the Equity Interests in any Subsidiary of the Company pursuant to, and in accordance with the Barrett Loan Agreement, and (vi) any Permitted Disposition; provided that, except with respect to any Permitted Disposition or any RMT Asset Disposition, after giving effect to any such sale or other disposition of any Equity Interests owned directly or indirectly by a Major Subsidiary, such Subsidiary continues to be a Major Subsidiary. Nothing herein shall be construed to permit the Company or any of its Subject Subsidiaries to purchase shares, any interest in shares or any ownership interest in a WCG Subsidiary except as permitted by SECTION 8.9.

8.11 Compliance with ERISA. The Company shall not (a) terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in any material liability of the Company or any Material Subsidiary (other than NewGP, if applicable) of the Company (including for purposes of this SECTION 8.11 any material WCG Subsidiary) or any such ERISA Affiliate to the PBGC, if such material liability of such ERISA Affiliate could reasonably be expected to have a material adverse effect on the Company or any of its Material Subsidiaries (other than NewGP, if applicable), or (b) permit to occur any Termination Event with respect to a Plan which would have a material adverse effect on the Company or any Subject Subsidiary of the Company (including for purposes of this SECTION 8.11 any material WCG Subsidiary).

8.12 Transactions with Related Parties. The Company shall not 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 Company 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 Company or of such Material 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 Company or such Material Subsidiary in the good faith judgment of the Company.

8.13 Guarantees. After July 31, 2002, the Company shall not enter into any agreement to guarantee or otherwise become contingently liable for, or permit any of its Subject Subsidiaries to guarantee or otherwise become contingently liable for, Debt or any other obligation of any WCG Subsidiary or to otherwise assure a WCG Subsidiary, or any creditor of a WCG Subsidiary, against loss, except as set forth in Exhibit G.

8.14 Sale and Lease-Back Transactions. The Company shall not enter into, or permit any of its Subject Subsidiaries (other than Apco Argentina, Inc.) to enter into, any Sale and Lease-Back Transaction, if after giving effect thereto the Company would not be permitted to incur at least $1.00 of additional Debt secured by a Lien permitted by PARAGRAPH (y) of SCHEDULE I.

8.15 Use of Proceeds of Borrowings. The Company shall not use any proceeds of any Borrowings for any purpose other than general corporate purposes relating to the business of the Company and its Subsidiaries, but excluding any WCG Subsidiary (including, without limitation, repurchases by the Company 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 Borrowings 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 Borrowings will be used to purchase or carry any margin stock (within the meaning of or Regulation U issued by the Board of Governors of the Federal Reserve System). The Company may not use any proceeds of any Borrowings 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; provided, however, that nothing contained herein shall prohibit or otherwise restrict the ability of the Company or any Subsidiary of the Company to use the proceeds of any Borrowing to own, purchase or acquire the WCG Senior Notes pursuant to the WCG Refinancing Transaction.

8.16 Asset Disposition. The Company shall not sell, lease, transfer or otherwise dispose of, or permit any of their Material Subsidiaries or the Guarantors to sell, lease, transfer or otherwise dispose of, any property of the Company or any Guarantor or any Material Subsidiary of the Company, except (i) sales of inventory in the ordinary course of business and on reasonable terms, (ii) sales of worn out, surplus or obsolete equipment in the ordinary course of business, if no Default exists at the time of such sale, (iii) replacement of equipment in the ordinary course of business with other equipment at least as useful and beneficial to the Company or its Material Subsidiaries and their respective businesses as the equipment replaced if no Default exists at the time of such replacement and an Acceptable Security Interest exists in such other equipment at the time of such replacement, (iv) sales of other immaterial Property (other than Equity Interests, Debt or other obligations of any Subsidiary) in the ordinary course of business and on reasonable terms, if no Default exists at the time of such sale; provided that Property may not be sold pursuant to this CLAUSE (iv) if the aggregate fair market value of all Property sold pursuant to this CLAUSE (iv) exceeds $250,000 in any year, (v) sales or other dispositions of assets which are not Collateral for cash in arm's length transactions, (vi) sales, leases, transfers or other dispositions of the Refineries (in whole or in part, including to each other), (vii) the MAPL Asset Disposition and Seminole Asset Disposition, (viii) sales or other dispositions of assets of NewGP or its Subsidiaries and the transfer by Williams GP, LLC to NewGP of the general partnership interests and incentive distribution rights in MLP, (ix) Permitted Dispositions, (x) sale of Equity Interests in NewGP, (xi) transfers by the Guarantors to other Guarantors and transfers by non-Guarantor Subsidiaries to any other Subsidiary, in each case in the ordinary course of business and (xii) transfers to the State of California of up to 6 turbines in connection with the settlement of the California Proceedings, (xiii) the Arctic Fox Capital Contribution, and (xiv) transfers of Assets and Property by Subsidiaries of TGT which may not be restricted pursuant to that certain Indenture dated as of April 11, 1994 between TGT, as Issuer and The Chase Manhattan Bank, as Trustee; provided that (A) 50% of the gross cash proceeds resulting from any disposition of Collateral permitted pursuant to clauses (ii), (iv) through (vii), (ix) and (x), shall, be deposited immediately upon receipt to the Collateral Account (as defined in the Collateral Trust Agreement) to be maintained with, and under the

control of, the Collateral Trustee pursuant to the Collateral Trust Agreement and applied in accordance with the terms and conditions of the L/C Agreement and the Primary Credit Agreement and (B) assets disposed of pursuant to clauses (i) through (v) shall not constitute a material part of the assets of TGPL, TGT or NWP and (C) with respect to any Collateral replaced, exchanged or transferred (in the case of clause (xi) only) or any non-cash proceeds received from the sale, transfer or other disposition of Collateral, in each case pursuant to this SECTION 8.16, the Company (or such Material Subsidiary or Guarantor, as applicable) shall undertake all actions as more fully set forth in, and subject to, Section 5.01(f) of the Primary Credit Agreement to (1) grant an Acceptable Security Interest in favor of the Collateral Trustee on any new Collateral resulting from any such replacement or exchange or on the non-cash proceeds received from the sale or other disposition of Collateral and (2) in the case of Collateral transferred pursuant to clause (xi), to maintain an Acceptable Security Interest on such transferred Collateral. Notwithstanding anything in this SECTION 8.16 to the contrary, and for greater certainty, nothing in this Agreement shall prohibit (1) a transfer of Equity Interests of RMT from the Company to RMT LLC or any RMT Asset Disposition or (2) the Company or any of its Subsidiaries (including RMT LLC, RMT and their respective Subsidiaries) from selling, leasing, transferring or otherwise disposing of any property of the Company or any of its Subsidiaries in accordance with the provisions of the Barrett Loan Agreement. For the avoidance of doubt, modification or limitation of voting rights with respect to any Equity Interests shall not constitute a disposition of property.

8.17 Restricted Payments. The Company shall not (i), other than in connection with the Castle Transaction, the Arctic Fox Capital Contribution, and the Plowshare Transaction, declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Person thereof) as such, or permit any of its Subject Subsidiaries (other than Apco Argentina, Inc., TGT (to the extent there exists any contractual restriction prohibiting the Subsidiaries of TGT from restricting their ability to pay dividends) and their respective Subsidiaries) to do any of the foregoing, (ii) permit any of its Subject Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Company, or (iii) permit its Subject Subsidiaries to make any prepayment with respect to any Debt (other than Debt issued or incurred in connection with the Progeny Facilities and related documents, Debt issued or incurred in connection with the terms of SECTION 3.2(c), Debt issued prior to July 31, 2002 pursuant to the certain Indenture dated May 1, 1990 with Transco Energy Company as issuer and Bank of New York as trustee, as supplemented from time to time, the WCG Note Trust Bonds, Debt under the Barrett Loan Agreement, Debt of Subsidiaries of TGT and Debt incurred in connection with the UBOC Turbine Financing) or repurchase any Debt securities except any repurchase or repayment as required by the terms thereof in effect on July 31, 2002, except that, so long as no Default shall have occurred and be continuing at the time of any action described in CLAUSE (a), (b) (other than with respect to RMT LLC and its Subsidiaries) and (d) below or would result therefrom:

(a) the Company may (A) declare and pay cash dividends and distributions on its (1) 9-7/8% Cumulative Convertible Preferred Stock, (2) December 2000 Cumulative Convertible Preferred Stock and (3) March 2001 Mandatorily Convertible Single Reset Preferred Stock, (B) declare and pay cash dividends and distributions on TWC Preferred Stock issued on or after July 30, 2002 in form and substance satisfactory to the Administrative Agent and (C) in any Fiscal Quarter, declare and pay cash dividends to its holders of common stock and purchase, redeem, retire or otherwise acquire shares of its own outstanding common stock for cash if after giving effect thereto the aggregate amount of such dividends, purchases, redemptions, retirements and acquisitions paid or made in any such Fiscal Quarter would be not greater than the sum of $6,250,000;

(b) the Company or any Subsidiary of the Company may (A) declare and pay cash dividends to the Company or any Subsidiary of the Company (as the case may be) or pay subordinated

loans owed to the Company or any Subsidiary of the Company (as the case may be), (B) declare and pay cash dividends to any other Subsidiary of the Company or pay subordinated loans owed to any other Subsidiary of the Company, in each case in the ordinary course of business consistent with past practice, (and payments to the holders of the Designated Minority Interests made concurrently with and in the same form as the payments to Subsidiaries of the Company);

(c) the Company or any Subsidiary of the Company may make payments to non-Subsidiaries to the extent required under Financing Transactions or other agreements in effect as of July 31, 2002, including, without limitation, payments required as a result of downgrade by S&P and Moody's of the Company's senior unsecured long-term debt rating; and

(d) the Company or any Subsidiary of the Company may make payments to non-Subsidiaries to the extent required under the organizational documents of the Deepwater JV.

8.18 Investments in Other Persons. The Company shall not make or hold, or permit any of its Subject Subsidiaries to make or hold, any Investment in any Person, except (i) equity Investments by the Company and its Subsidiaries in their Subsidiaries outstanding on July 31, 2002 and additional investments in Subsidiaries engaged in businesses reasonably related to the businesses carried on by such Company and its Subsidiaries on July 31, 2002 (including, without limitation, the Arctic Fox Capital Contribution); provided, that any such additional cash Investments shall not exceed $75,000,000 annually, except to the extent such cash Investments are immediately returned to the Person making such Investment as a dividend, distribution or repayment of Debt; (ii) loans and advances to employees in the ordinary course of the business of the company and its Subsidiaries as presently conducted; (iii) Investments of the company and its Subsidiaries in Cash Equivalents; (iv) Investments existing on July 31, 2002 or commitments for such Investments existing on July 31, 2002 and loans made pursuant to such commitments after July 31, 2002; (v) Investments by the Company and its Subsidiaries in Hedge Agreements entered into in the ordinary course of business and not for speculative purposes; (vi) Investments consisting of intercompany debt; (vii) Investments consisting of (A) the purchase of WCG Note Trust Bonds in an aggregate principal amount not to exceed $75,000 or (B) the Equity Interests in the WCG Senior Notes Issuer; (viii) Investments by Apco Argentina, Inc. or its Subsidiaries in accordance with applicable laws and their governing documents; provided that such Investments shall only be made using cash generated solely by their business, operations and financings; (ix) Investments not exceeding $12,000,000 in Williams Coal Seam Gas Royalty Trust units pursuant to agreements in place on the date hereof; provided that the purchase price of such units shall not exceed the then existing market price for such units; (x) Investments consisting of the acquisition of Equity Interests of the Deepwater JV in exchange for the contribution of Deepwater Assets to the Deepwater JV and Investments made to maintain such Equity Interests; (xi) Investments in Persons that are not Subsidiaries required to be made by the Company or any of its Subsidiaries in order to avoid default pursuant to agreements in existence on July 31, 2002; (xii) any Investments necessary to maintain, in accordance with the partnership agreement, the 2% general partnership interest of NewGP in the MLP; provided, that the aggregate annual amount of such Investments under this clause (xii) shall not exceed $10,000,000, (xiii) Investments permitted pursuant to SECTION 8.9, (xiv) the Investment in the 0.2% general partnership interest in West Texas LPG Pipelines, (xv) Investments by EMT contemplated by the UBOC Turbine Financing, and (xvi) other Investments in an aggregate amount invested not to exceed $50,000,000 annually; provided that, with respect to Investments made under this clause (xvi), (1) any newly acquired or organized Subsidiary of the Company or any of its Subsidiaries shall be a wholly-owned Subsidiary thereof; (2) immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom; and (3) any company or business acquired or invested in pursuant to this clause (xvi) shall be in the same line of business as the business of the Company or any of its Subsidiaries.

8.19 Subsidiary Debt. The Company shall not permit any of its Subject Subsidiaries to create, incur, assume or suffer to exist Debt, other than (except as set forth in either Section 6(f) of the LLC Guaranty or Section 6(e) of the Holdings Guaranty) (i) Debt incurred, assumed or suffered to exist by TGPL, TGT, NWP, or Apco Argentina, Inc. or their Subsidiaries, (ii) Debt incurred, assumed or suffered to exist by Subsidiaries (other than those referred to in CLAUSE (i) and the Subsidiaries the stock of which is pledged under the Pledge Agreement (as defined in the L/C Agreement)) in an aggregate amount not to exceed $50,000,000 at any one time outstanding, (iii) Debt in existence on July 31, 2002, (iv) Debt under the LLC Guaranty, the Midstream Guaranty and the Holdings Guaranty, (v) Debt of the Project Financing Subsidiaries, (vi) Debt under the Barrett Loan Agreement, (vii) Debt consisting of intercompany debt so long as obligations of the debtors thereunder are subordinated to their obligations under the Loan Papers and are incurred in the ordinary course of the cash management systems of the Company and its Subsidiaries, (viii) any Permitted Refinancing Debt incurred in exchange for, or the net proceeds of which are used to refund, refinance or replace Debt permitted to be incurred under this SECTION 8.19, and (ix) Debt incurred in connection with the Deepwater Transactions and the UBOC Turbine Financing.

8.20 Compliance with Primary Credit Agreement. The Company shall, and shall cause each of the other "Borrowers" under the Primary Credit Agreement to comply at all times with the terms and provisions of ARTICLE V of the Primary Credit Agreement as in effect on the date hereof.

8.21 Borrower Liquidity Reserve. The Company shall cause RMT to at all times maintain the Borrower Liquidity Reserve (as defined in the Barrett Loan Agreement).

8.22 Replacement of Legacy L/C with Letter of Credit. The Company shall cause the issuance of a letter of credit to replace a Legacy L/C to the extent the replacement of such Legacy L/C shall be necessary to prevent the occurrence of a default in relation to, and draw on, such Legacy L/C.

8.23 Agreement to Restrict Transfers to NewGP. The Company shall not, transfer, or permit any of its Subject Subsidiaries to transfer, any property to NewGP, except a transfer to NewGP of the Equity Interest in MLP held by Williams GP LLC or any other transfer necessary to maintain the 2% general partnership interest of NewGP in MLP; provided that the aggregate annual amount of such Investments under this SECTION 8.23 shall not exceed $10,000,000.

8.24 Cash Collateralization of Legacy L/Cs. From July 31, 2002, the Company shall not prepay any Progeny Facility or reduce the commitment of any lender under any Progeny Facility, or cash collateralize any Legacy L/C; provided that the Company may (i) prepay any Progeny Facility, (ii) reduce the commitment of any lender under any Progeny Facility and (iii) cash collateralize any Legacy L/Cs under any of the following circumstances:

(1) the Company may apply Net Cash Proceeds as required by SECTION 3.2(c);

(2) the Company may pay principal of a Progeny Facility as such principal matures, and make any required prepayment or reduction of the commitments of any lender thereunder, in each case in accordance with the terms of such Progeny Facility in effect on July 31, 2002, and may prepay any such Progeny Facility simultaneously with the disposition of the assets associated with such Progeny Facility;

(3) the Company may make prepayments, reductions of commitments and cash collateralizations on a pro-rata basis to (x) the permanent ratable reduction of the outstanding amounts of the Progeny Facilities and (y) cash collateralize the Legacy L/Cs until and unless the Legacy L/Cs are fully cash collateralized, in which case such prepayments, reductions of commitments or

cash collateralizations may be made on a pro-rata basis to the permanent ratable reduction of the outstanding amounts of the Progeny Facilities;

(4) the Company, in its sole absolute discretion, may make any prepayment, commitment reduction or cash collateralization of the type set forth in clauses (i) through (iii) above in an aggregate amount not to exceed $65,000,000 per annum; and

(5) the Company may prepay, defease or otherwise satisfy in whole or in part all of its obligations arising under the Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, the Company, Bank of Oklahoma, National Association, and Bank of America, N.A. (formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended, and all documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection therewith.

For the avoidance of doubt, nothing in this SECTION 8.24 shall limit or restrict the Company from any payment or taking any action that is required by the terms of any Progeny Facility or Legacy L/Cs in effect on the date hereof.

SECTION 9 DEFAULT. The term "DEFAULT" means the occurrence and continuance of any one or more of the following events:

9.1 Payment of Obligation. The Company (i) shall fail to pay all or any part of the principal of the Obligation when the same becomes due (whether by its terms, by acceleration, or as otherwise provided in the Loan Papers), (ii) shall fail to pay any interest on the Principal Debt when the same becomes due and payable, or (iii) shall fail to pay any other part of the Obligation (including, without limitation, fees) within ten (10) days of when the same becomes due (whether by its terms, by acceleration, or as otherwise provided in the Loan Papers).

9.2 Misrepresentation. Any representation or warranty made by the Company or any Guarantor (or any of their respective officers) in writing under or in connection with this Agreement or in any other Loan Paper or in any certificate furnished under or in connection herewith shall prove to have been incorrect in any material respect when made.

9.3 Covenants. The Company or any Guarantor shall fail to perform or observe (i) any term, covenant or agreement contained in SECTION 8.2 on its part to be performed or observed and such failure shall continue for ten (10) Business Days after the earlier of the date notice thereof shall have been given to the Company by the Administrative Agent or any Lender or the date the Company shall have knowledge of such failure, (ii) any term, covenant or agreement contained in this Agreement (other than a term, covenant or agreement contained in SECTION 8.2 or SECTIONS 8.5 - 8.24) or any Note or any other Loan Paper on its part to be performed or observed; and such failure shall continue for five (5) Business Days after the earlier of the date notice thereof shall have been given to the Company by the Administrative Agent or any Lender or the date the Company or such Guarantor, as applicable shall have knowledge of such failure; or (iii) any term, covenant or agreement contained in SECTION 8.5 - 8.24.

9.4 Default Under Other Debt. The Company or any of its Subsidiaries 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 of the Company 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 (i) by a regularly scheduled required prepayment, (ii) as required in connection with any permitted sale of assets, (iii) as required in connection with any casualty or condemnation, or (iv) or as a result of the giving of notice of a voluntary prepayment), prior to the stated maturity thereof; provided, however, that the provisions of this SECTION 9.4 shall not apply to any Non-Recourse Debt of any Non-Borrowing Subsidiary (as defined in the Primary Credit Agreement) of the Company.

9.5 Debtor Relief. The Company or any of its Material Subsidiaries 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 Company or any of its Material Subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), shall remain undismissed or unstayed for a period of sixty (60) days; or the Company or any of its Material Subsidiaries shall take any action to authorize any of the actions set forth above in this SECTION 9.5.

9.6 Judgments. Any judgment or order for the payment of money in excess of $60,000,000 shall be rendered against the Company or any of its Material Subsidiaries 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 thirty (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.

9.7 Employee Benefit Plans.

(a) Any Termination Event with respect to a Plan shall have occurred and, thirty (30) days after notice thereof shall have been given to the Company by the Administrative 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 (b) 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

(b) The Company 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 or requires payments exceeding $50,000,000 per annum; or

(c) The Company 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 Company and its 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 July 31, 2002 by an amount exceeding $75,000,000.

9.8 Validity and Enforceability of Loan Papers. Any provision (other than any provision excepted from, or subject to a qualification in, the opinions delivered pursuant to Item 9 of Schedule 6.1, but only to the extent of such exception or qualification) of any Loan Paper for any reason shall cease to be a legal, valid, binding and enforceable obligation of the Company or any Guarantor party thereto or the Company or any Guarantor party thereto shall so state in writing.

SECTION 10 RIGHTS AND REMEDIES

10.1 Remedies Upon Default.

(a) If a Default exists under SECTION 9.5, the entire unpaid balance of the Obligation under the Term Facility shall automatically become due and payable without any action or notice of any kind whatsoever.

(b) If any Default exists, Administrative Agent may (and, subject to the terms of SECTION 11, shall upon the request of Determining Lenders) or Determining Lenders may, do any one or more of the following: (i) if the maturity of the Obligation under the Term Facility has not already been accelerated under SECTION 10.1(a), declare the entire unpaid balance of the Obligation, or any part thereof, immediately due and payable, whereupon it shall be due and payable; (ii) reduce any claim to judgment; (iii) to the extent permitted by Law, exercise (or request each Lender to, and each Lender shall be entitled to, exercise) the Rights of offset or banker's Lien against the interest of the Company in and to every account and other property of the Company which are in the possession of Administrative Agent or any Lender to the extent of the full amount of the Obligation (to the extent permitted by Law, the Company being deemed directly obligated to each Lender in the full amount of the Obligation for such purposes); and (iv) exercise any and all other legal or equitable Rights afforded by the Loan Papers, the Laws of the State of New York, or any other applicable jurisdiction as Administrative Agent shall deem appropriate, or otherwise, including, but not limited to, the Right to bring suit or other proceedings before any Governmental Authority either for specific performance of any covenant or condition contained in any of the Loan Papers or in aid of the exercise of any Right granted to Administrative Agent or any Lender in any of the Loan Papers.

10.2 The Company Waivers. To the extent permitted by Law, the Company hereby waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration, and notice of protest and nonpayment, and agrees that its liability with respect to the Obligation (or any part thereof), shall not be affected by any renewal or extension in the time of payment of the Obligation (or any part thereof), by any indulgence, or by any release or change in any security for the payment of the Obligation (or any part thereof).

10.3 Performance by Administrative Agent. If any covenant, duty, or agreement of the Company is not performed in accordance with the terms of the Loan Papers, after the occurrence and during the continuance of a Default, Administrative Agent may, at its option (but subject to the approval of Determining Lenders), perform or attempt to perform such covenant, duty, or agreement on behalf of the Company. In such event, any amount expended by Administrative Agent in such performance or attempted performance shall be payable by the Company, to Administrative Agent on demand, shall become part of the Obligation, and shall bear interest at the Default Rate from the date of such expenditure by Administrative Agent until paid. Notwithstanding the foregoing, it is expressly understood that Administrative Agent does not assume and shall

never have, except by its express written consent, any liability or responsibility for the performance of any covenant, duty, or agreement of the Company.

10.4 Delegation of Duties and Rights. Lenders may perform any of their duties or exercise any of their Rights under the Loan Papers by or through their respective Representatives (provided, that such delegation does not release any Lender of any of its obligations hereunder).

10.5 Not in Control. Nothing in any Loan Paper shall, or shall be deemed to (a) give any Agent or any Lender the Right to exercise control over the assets (including real property), affairs, or management of the Company, (b) preclude or interfere with compliance by the Company with any Law, or (c) require any act or omission by the Company that may be harmful to Persons or property. Any "material adverse event" or other materiality qualifier in any representation, warranty, covenant, or other provision of any Loan Paper is included for credit documentation purposes only and shall not, and shall not be deemed to, mean that any Agent or any Lender acquiesces in any non-compliance by the Company with any Law or document, or that any Agent or any Lender does not expect the Company to promptly, diligently, and continuously carry out all appropriate removal, remediation, and termination activities required or appropriate in accordance with all Environmental Protection Statutes. No Agent or Lender has any fiduciary relationship with or fiduciary duty to the Company arising out of or in connection with the Loan Papers, and the relationship between Agents and Lenders, on the one hand, and the Company, on the other hand, in connection with the Loan Papers is solely that of debtor and creditor. The power of Agents and Lenders under the Loan Papers is limited to the Rights provided in the Loan Papers, which Rights exist solely to assure payment and performance of the Obligation and may be exercised in a manner calculated by Agents and Lenders in their respective good faith business judgment.

10.6 Course of Dealing. The acceptance by Administrative Agent or Lenders at any time and from time to time of partial payment on the Obligation shall not be deemed to be a waiver of any Default then existing. No waiver by Administrative Agent, Determining Lenders, or Lenders of any Default shall be deemed to be a waiver of any other then-existing or subsequent Default. No delay or omission by Administrative Agent, Determining Lenders, or Lenders in exercising any Right under the Loan Papers shall impair such Right or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Loan Papers or otherwise.

10.7 Cumulative Rights. All Rights available to Administrative Agent and Lenders under the Loan Papers are cumulative of and in addition to all other Rights granted to Administrative Agent and Lenders at law or in equity, whether or not the Obligation is due and payable and whether or not Administrative Agent or Lenders have instituted any suit for collection, foreclosure, or other action in connection with the Loan Papers.

10.8 Application of Proceeds. Any and all proceeds ever received by Administrative Agent or Lenders from the exercise of any Rights pertaining to the Obligation shall be applied to the Obligation in the order and manner set forth in SECTION 3.11.

10.9 Limitation of Rights. Notwithstanding any other provision of this Agreement or any other Loan Paper, any action taken or proposed to be taken by Administrative Agent or any Lender under any Loan Paper which would affect the operational, voting, or other control of the Company, shall be pursuant to any applicable state Law, and the applicable rules and regulations thereunder.

10.10 Expenditures by Lenders. The Company shall promptly pay within thirty (30) days after request therefor (a) all reasonable costs, fees, and expenses paid or incurred by any Agent incident to any Loan

Paper (including, but not limited to, the reasonable fees and expenses of counsel to Administrative Agent and the allocated cost of internal counsel in connection with the negotiation, preparation, delivery, execution, coordination, and administration of the Loan Papers and any related amendment, waiver, or consent) and (b) following the occurrence and continuation of a Default, all reasonable costs and expenses of Lenders and Administrative Agent incurred by Administrative Agent or any Lender in connection with the enforcement of the obligations of the Company arising under the Loan Papers (including, without limitation, costs and expenses incurred in connection with any workout or bankruptcy) or the exercise of any Rights arising under the Loan Papers (including, but not limited to, reasonable attorneys' fees including allocated cost of internal counsel, court costs and other costs of collection), all of which shall be a part of the Obligation and shall bear interest at the Default Rate from the date due until the date repaid by the Company.

10.11 INDEMNIFICATION. THE COMPANY AGREES TO INDEMNIFY AND HOLD HARMLESS EACH AGENT, ARRANGER, AND EACH LENDER AND EACH OF THEIR RESPECTIVE AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS, AND ADVISORS (EACH, AN "INDEMNIFIED PARTY") FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, ACTUAL LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) (BUT SPECIFICALLY EXCLUDING TAXES), THAT MAY BE INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY INDEMNIFIED PARTY, IN EACH CASE ARISING OUT OF OR IN CONNECTION WITH OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION, OR PROCEEDING OR PREPARATION OF DEFENSE IN CONNECTION THEREWITH) THE LOAN PAPERS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THE ACTUAL OR PROPOSED USE OF THE PROCEEDS OF THE BORROWINGS (INCLUDING ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF THE INDEMNIFIED PARTY), EXCEPT TO THE EXTENT SUCH CLAIM, DAMAGE, LOSS, LIABILITY, COST, OR EXPENSE IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR VIOLATION OF ANY LAW OR REGULATION BY SUCH INDEMNIFIED PARTY; PROVIDED, THAT THE COMPANY SHALL HAVE NO OBLIGATION HEREUNDER TO ANY AGENT OR ANY LENDER WITH RESPECT TO INDEMNIFIED LIABILITIES ARISING FROM (i) THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY AGENT OR ANY SUCH LENDER, (ii) LEGAL PROCEEDINGS COMMENCED AGAINST ANY AGENT OR ANY SUCH LENDER BY ANY SECURITY HOLDER OR CREDITOR THEREOF ARISING OUT OF AND BASED UPON RIGHTS AFFORDED ANY SUCH SECURITY HOLDER OR CREDITOR SOLELY IN ITS CAPACITY AS SUCH, OR (iii) LEGAL PROCEEDINGS COMMENCED AGAINST ANY AGENT OR ANY SUCH LENDER BY ANY OTHER LENDER OR BY ANY PARTICIPANT (AS DEFINED IN SECTION 12.13). IN THE CASE OF AN INVESTIGATION, LITIGATION, OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION 10.11 APPLIES, EXCEPT AS PROVIDED ABOVE, SUCH INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH INVESTIGATION, LITIGATION, OR PROCEEDING IS BROUGHT BY THE COMPANY, ITS DIRECTORS, SHAREHOLDERS OR CREDITORS OR AN INDEMNIFIED PARTY OR ANY OTHER PERSON OR ANY INDEMNIFIED PARTY IS OTHERWISE A PARTY THERETO AND WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED. THE PARTIES HERETO AGREE NOT TO ASSERT ANY CLAIM AGAINST ANY PARTY ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR OTHERWISE RELATING TO THE LOAN PAPERS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THE ACTUAL OR PROPOSED USE OF THE PROCEEDS OF THE BORROWINGS. WITHOUT PREJUDICE TO THE SURVIVAL OF ANY OTHER AGREEMENT OF THE COMPANY HEREUNDER, THE AGREEMENTS AND OBLIGATIONS OF THE COMPANY CONTAINED IN THIS SECTION 10.11 SHALL SURVIVE THE PAYMENT IN FULL OF THE BORROWINGS AND ALL OTHER AMOUNTS PAYABLE UNDER THIS AGREEMENT.

SECTION 11 AGREEMENT AMONG LENDERS

11.1 Administrative Agent.

(a) Each Lender hereby appoints Credit Lyonnais New York Branch (and Credit Lyonnais New York Branch hereby accepts such appointment) as its nominee and agent, in its name and on its behalf: (i) to act as nominee for and on behalf of such Lender in and under all Loan Papers; (ii) to arrange the means whereby the funds of Lenders are to be made available to the Company under the Loan Papers; (iii) to take such action as may be requested by any Lender under the Loan Papers (when such Lender is entitled to make such request under the Loan Papers and after such requesting Lender has obtained the concurrence of such other Lenders as may be required under the Loan Papers); (iv) to receive all documents and items to be furnished to Lenders under the Loan Papers; (v) to be the secured party, mortgagee, beneficiary, and similar party in respect of, and to receive, as the case may be, any collateral for the benefit of Lenders; (vi) to timely distribute, and Administrative Agent agrees to so distribute, to each Lender all material information, requests, documents, and items received from the Company under the Loan Papers (including written disclosures pursuant to SECTION 8.2 (other than pursuant to SECTION 8.2(d), which shall only be distributed to the requesting Lender), SECTION 7.6 and SECTION 7.11); (vii) to promptly distribute to each Lender its ratable part of each payment or prepayment (whether voluntary, as proceeds of collateral upon or after foreclosure, as proceeds of insurance thereon, or otherwise) in accordance with the terms of the Loan Papers; (viii) to deliver to the appropriate Persons requests, demands, approvals, and consents received from Lenders; and (ix) to execute, on behalf of Lenders, such releases or other documents or instruments as are permitted by the Loan Papers or as directed by Lenders or Determining Lenders (when entitled to so authorize) from time to time; provided, however, Administrative Agent shall not be required to take any action which exposes Administrative Agent to personal liability or which is contrary to the Loan Papers or applicable Law.

(b) Administrative Agent may resign at any time as Administrative Agent under the Loan Papers by giving written notice thereof to Lenders. Should the initial or any successor Administrative Agent ever cease to be a party hereto or should the initial or any successor Administrative Agent ever resign as Administrative Agent, then Determining Lenders shall elect the successor Administrative Agent from among the Lenders (other than the resigning Administrative Agent). If no successor Administrative Agent shall have been so appointed by Determining Lenders, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of Lenders, appoint a successor Administrative Agent, which shall be a commercial bank having a combined capital and surplus of at least $1,000,000,000. Upon the acceptance of any appointment as Administrative Agent under the Loan Papers by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the Rights of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations of Administrative Agent under the Loan Papers and each Lender shall execute such documents as any Lender may reasonably request to reflect such change in and under the Loan Papers. After any retiring Administrative Agent's resignation as Administrative Agent under the Loan Papers, the provisions of this SECTION 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Papers.

(c) Administrative Agent, in its capacity as a Lender, shall have the same Rights under the Loan Papers as any other Lender and may exercise the same as though it were not acting as Administrative Agent; the term "Lender" shall, unless the context otherwise indicates, include Administrative Agent; and any resignation of Administrative Agent hereunder shall not impair or otherwise affect any Rights which it has or may have in its capacity as an individual Lender. Each Lender and the Company agree that Administrative Agent is not a fiduciary for Lenders or for the Company but simply is acting in the capacity described herein to alleviate administrative burdens for both the Company and Lenders, that Administrative Agent has no duties or responsibilities to Lenders

or the Company except those expressly set forth herein, and that Administrative Agent in its capacity as a Lender has all Rights of any other Lender.

(d) Administrative Agent and its Affiliates may now or hereafter be engaged in one or more loan, letter of credit, leasing, or other financing transactions with the Company, act as trustee or depositary for the Company, or otherwise be engaged in other transactions with the Company (collectively, the "OTHER ACTIVITIES") not the subject of the Loan Papers. Without limiting the Rights of Lenders specifically set forth in the Loan Papers, Administrative Agent and its Affiliates shall not be responsible to account to Lenders for such other activities, and no Lender shall have any interest in any other activities, any present or future guaranties by or for the account of the Company which are not contemplated or included in the Loan Papers, any present or future offset exercised by Administrative Agent and its Affiliates in respect of such other activities, any present or future property taken as security for any such other activities, or any property now or hereafter in the possession or control of Administrative Agent or its Affiliates which may be or become security for the obligations of the Company arising under the Loan Papers by reason of the general description of indebtedness secured or of property contained in any other agreements, documents or instruments related to any such other activities; provided that, if any payments in respect of such guaranties or such property or the proceeds thereof shall be applied to reduction of the obligations of the Company arising under the Loan Papers, then each Lender shall be entitled to share in such application ratably. Each Lender acknowledges that, and consents to, Credit Lyonnais New York Branch's also serving as Administrative Agent under that certain Letter of Credit and Reimbursement Agreement of even date herewith among the Company, Credit Lyonnais New York Branch, as " Administrative Agent," and certain financial institutions party thereto.

11.2 Expenses. Upon demand by Administrative Agent, each Lender shall pay its Pro Rata Part of any reasonable expenses (including, without limitation, court costs, reasonable attorneys' fees and other costs of collection) incurred by Administrative Agent in connection with any of the Loan Papers if and to the extent Administrative Agent does not receive reimbursement therefor from other sources within 60 days after incurred; provided that, each Lender shall be entitled to receive its Pro Rata Part of any reimbursement for such expenses, or part thereof, which Administrative Agent subsequently receives from such other sources.

11.3 Proportionate Absorption of Losses. Except as otherwise provided in the Loan Papers, nothing in the Loan Papers shall be deemed to give any Lender any advantage over any other Lender insofar as the Obligation arising under the Loan Papers is concerned, or to relieve any Lender from absorbing its Pro Rata Part of any losses sustained with respect to the Obligation (except to the extent such losses result from unilateral actions or inactions of any Lender that are not made in accordance with the terms and provisions of the Loan Papers).

11.4 Delegation of Duties; Reliance. Administrative Agent may perform any of its duties or exercise any of its Rights under the Loan Papers by or through its Representatives. Administrative Agent and its Representatives shall (a) be entitled to rely upon (and shall be protected in relying upon) any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telecopy, telegram, telex or teletype message, statement, order, or other documents or conversation believed by it or them to be genuine and correct and to have been signed or made by the proper Person and, with respect to legal matters, upon opinion of counsel selected by Administrative Agent, (b) be entitled to deem and treat each Lender as the owner and holder of the Principal Debt owed to such Lender for all purposes until, subject to SECTION 12.13, written notice of the assignment or transfer thereof shall have been given to and received by Administrative Agent (and any request, authorization, consent, or approval of any Lender shall be conclusive and binding on each subsequent holder, assignee, or transferee of the Principal Debt owed to such Lender or portion thereof until such notice is given and received), (c) not be deemed to have notice of the occurrence of a Default unless a responsible officer of

Administrative Agent, who handles matters associated with the Loan Papers and transactions thereunder, has actual knowledge thereof or Administrative Agent has been notified thereof by a Lender or the Company, and (d) be entitled to consult with legal counsel (including counsel for the Company), independent accountants and other experts selected by Administrative Agent 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.

11.5 Limitation of Liability.

(a) None of the Agents or any of their respective Representatives shall be liable for any action taken or omitted to be taken by it or them under the Loan Papers in good faith and reasonably believed by it or them to be within the discretion or power conferred upon it or them by the Loan Papers or be responsible for the consequences of any error of judgment, except for fraud, gross negligence, or willful misconduct; and none of the Agents, or any of their respective Representatives has a fiduciary relationship with any Lender by virtue of the Loan Papers (provided that nothing herein shall negate the obligation of Administrative Agent to account for funds received by it for the account of any Lender).

(b) Unless indemnified to its satisfaction against loss, cost, liability, and expense, no Agent shall be compelled to do any act under the Loan Papers or to take any action toward the execution or enforcement of the powers thereby created or to prosecute or defend any suit in respect of the Loan Papers. If Administrative Agent requests instructions from Lenders or Determining Lenders, as the case may be, with respect to any act or action (including, but not limited to, any failure to act) in connection with any Loan Paper, such Agent shall be entitled (but shall not be required) to refrain (without incurring any liability to any Person by so refraining) from such act or action unless and until it has received such instructions. In no event, however, shall any Agent or any of its respective Representatives be required to take any action which it or they determine could incur for it or them criminal or onerous civil liability. Without limiting the generality of the foregoing, no Lender shall have any right of action against any Agent as a result of such Agent's acting or refraining from acting hereunder in accordance with the instructions of Determining Lenders.

(c) No Agent shall be responsible in any manner to any Lender or any Participant for, and each Lender represents and warrants that it has not relied upon any Agent in respect of, (i) the creditworthiness of the Company and the risks involved to such Lender, (ii) the effectiveness, enforceability, genuineness, validity, or the due execution of any Loan Paper, (iii) any representation, warranty, document, certificate, report, or statement made therein or furnished thereunder or in connection therewith, (iv) the existence, priority, or perfection of any Lien hereafter granted or purported to be granted under any Loan Paper, or (v) observation of or compliance with any of the terms, covenants, or conditions of any Loan Paper on the part of the Company. Each Lender agrees to indemnify Agents and their respective Representatives and hold them harmless from and against (but limited to such Lender's Pro Rata Part of) any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses, and reasonable disbursements of any kind or nature whatsoever which may be imposed on, asserted against, or incurred by them in any way relating to or arising out of the Loan Papers or any action taken or omitted by them under the Loan Papers, to the extent such Agents and their respective Representatives are not reimbursed for such amounts by the Company (provided that, no Agent or its Representatives shall have the right to be indemnified hereunder for its or their own fraud, gross negligence, or willful misconduct); and provided, further, that no Designated Lender shall be liable for any payment under this SECTION 11.5(c) so long as, and to the extent that, its Designating Lender makes such payments in accordance with, and at the time required by, the terms of this Agreement.

11.6 Default; Collateral. Upon the occurrence and continuance of a Default, Lenders agree to promptly confer in order that Determining Lenders or Lenders, as the case may be, may agree upon a course of action for the enforcement of the Rights of Lenders; and Administrative Agent shall be entitled to refrain from taking any action (without incurring any liability to any Person for so refraining) unless and until Administrative Agent shall have received instructions from Determining Lenders. In actions with respect to any property of the Company, Administrative Agent is acting for the ratable benefit of each Lender. Any and all agreements to subordinate (whether made heretofore or hereafter) other indebtedness or obligations of the Company to the Obligation shall be construed as being for the ratable benefit of each Lender. If Administrative Agent acquires any security for the Obligation or any guaranty of the Obligation upon or in lieu of foreclosure, the same shall be held for the Pro Rata benefit of all Lenders.

11.7 Limitation of Liability. To the extent permitted by Law (a) no Agent (acting in their respective agent capacities) shall incur any liability to any other Lender or Participant except for acts or omissions resulting from its own fraud, gross negligence or wilful misconduct, and (b) no Agent, Lender, or Participant shall incur any liability to any other Person for any act or omission of any other Lender, Agent, or Participant.

11.8 Relationship of Lenders. Nothing herein shall be construed as creating a partnership or joint venture among Agents and Lenders.

11.9 Benefits of Agreement. Except for the representations and covenants in SECTION 11.1(c) in favor of the Company, none of the provisions of this SECTION 11 shall inure to the benefit of the Company or any other Person other than Lenders; consequently, neither the Company nor any other Person shall be entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of any Agent or Lender to comply with such provisions.

11.10 Agents. None of the Lenders identified in this Agreement as "SYNDICATION AGENT" or "DOCUMENTATION AGENT" shall have any rights, powers, obligations, liabilities, responsibilities, or duties under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified as a "SYNDICATION AGENT" or "DOCUMENTATION AGENT" shall have or be deemed to have any fiduciary relationship with any Lender.

11.11 Obligation Several. The obligations of Lenders hereunder are several, and each Lender hereunder shall not be responsible for the obligations of the other Lenders hereunder, nor will the failure of one Lender to perform any of its obligations hereunder relieve the other Lenders from the performance of their respective obligations hereunder.

SECTION 12 MISCELLANEOUS

12.1 Headings. The headings, captions, and arrangements used in any of the Loan Papers are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify, or modify the terms of the Loan Papers, nor affect the meaning thereof.

12.2 Nonbusiness Days. In any case where any payment or action is due under any Loan Paper on a day which is not a Business Day, such payment or action may be delayed until the next-succeeding Business Day, but interest and fees shall continue to accrue in respect of any payment to which it is applicable until such payment is in fact made; provided that, if in the case of any such payment in respect of a Eurodollar Rate Borrowing the next-succeeding Business Day is in the next calendar month, then such payment shall be made on the next-preceding Business Day.

12.3 Communications. Unless specifically otherwise provided, whenever any Loan Paper requires or permits any consent, approval, notice, request, or demand from one party to another, such communication must be in writing (which may be by telex or telecopy) to be effective and shall be deemed to have been given (a) if by telex, when transmitted to the telex number, if any, for such party, and the appropriate answer back is received, (b) if by telecopy, when transmitted to the telecopy number for such party (and all such communications sent by telecopy shall be confirmed promptly thereafter by personal delivery or mailing in accordance with the provisions of this section; provided, that any requirement in this parenthetical shall not affect the date on which such telecopy shall be deemed to have been delivered), (c) if by mail, on the third Business Day after it is enclosed in an envelope, properly addressed to such party, properly stamped, sealed, and deposited in the appropriate official postal service, or (d) if by any other means, when actually delivered to such party. Until changed by notice pursuant hereto, the address (and telex and telecopy numbers, if any) for Administrative Agent and each Lender is set forth on SCHEDULE 2.1, and for the Company is the address set forth by the Company's signature on the signature page of this Agreement. A copy of each communication to Administrative Agent shall also be sent to Haynes and Boone, LLP, 901 Main Street, Dallas, Texas 75202, Fax: 214/651-5940, Attn: Timothy Powers.

12.4 Form and Number of Documents. Each agreement, document, instrument, or other writing to be furnished under any provision of this Agreement must be in form and substance and in such number of counterparts as may be reasonably satisfactory to Administrative Agent and its counsel.

12.5 Exceptions to Covenants. The Company shall not take any action or fail to take any action which is permitted as an exception to any of the covenants contained in any Loan Paper if such action or omission would result in the breach of any other covenant contained in any of the Loan Papers.

12.6 Survival. All covenants, agreements, undertakings, representations, and warranties made in any of the Loan Papers shall survive all closings under the Loan Papers and, except as otherwise indicated, shall not be affected by any investigation made by any party. All rights of, and provisions relating to, reimbursement and indemnification of any Agent or any Lender shall survive termination of this Agreement and payment in full of the Obligation.

12.7 GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK AND OF THE UNITED STATES OF AMERICA SHALL GOVERN THE RIGHTS AND DUTIES OF THE PARTIES TO THE LOAN PAPERS AND THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION OF THE LOAN PAPERS.

12.8 Invalid Provisions. If any provision in any Loan Paper is held to be illegal, invalid, or unenforceable, such provision shall be fully severable; the appropriate Loan Paper shall be construed and enforced as if such provision had never comprised a part thereof; and the remaining provisions thereof shall remain in full force and effect and shall not be affected by such provision or by its severance therefrom. Administrative Agent, Lenders, and the Company agree to negotiate, in good faith, the terms of a replacement provision as similar to the severed provision as may be possible and be legal, valid, and enforceable.

12.9 ENTIRETY. THE RIGHTS AND OBLIGATIONS OF THE COMPANY, LENDERS, AND AGENTS SHALL BE DETERMINED SOLELY FROM WRITTEN AGREEMENTS, DOCUMENTS, AND INSTRUMENTS, AND ANY PRIOR ORAL AGREEMENTS BETWEEN SUCH PARTIES ARE SUPERSEDED BY AND MERGED INTO SUCH WRITINGS. THIS AGREEMENT (AS AMENDED IN WRITING FROM TIME TO TIME) AND THE OTHER WRITTEN LOAN PAPERS EXECUTED BY THE COMPANY, ANY LENDER, OR ANY AGENT (TOGETHER WITH ALL COMMITMENT LETTERS AND FEE LETTERS AS THEY RELATE TO THE PAYMENT OF FEES AFTER THE CLOSING DATE) REPRESENT THE FINAL AGREEMENT BETWEEN THE COMPANY, LENDERS, AND AGENTS AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR

SUBSEQUENT ORAL AGREEMENTS BY SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN SUCH PARTIES.

12.10 JURISDICTION; VENUE; SERVICE OF PROCESS; JURY TRIAL. EACH PARTY HERETO, IN EACH CASE FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, HEREBY (A) IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN OR SOUTHERN DISTRICT OF NEW YORK, AND AGREES AND CONSENTS THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN ANY LEGAL PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THE LOAN PAPERS AND THE OBLIGATION BY SERVICE OF PROCESS AS PROVIDED BY NEW YORK LAW, (B) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY LITIGATION ARISING OUT OF OR IN CONNECTION WITH THE LOAN PAPERS AND THE OBLIGATION BROUGHT IN ANY SUCH COURT, (C) IRREVOCABLY WAIVES ANY CLAIMS THAT ANY LITIGATION BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (D) IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH LITIGATION BY THE MAILING OF COPIES THEREOF BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID, AT ITS ADDRESS SET FORTH HEREIN, AND (E) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY LOAN PAPER OR THE TRANSACTIONS CONTEMPLATED THEREBY. The scope of each of the foregoing waivers is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Company and each other party to this Agreement acknowledge that this waiver is a material inducement to the agreement of each party hereto to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and each will continue to rely on each of such waivers in related future dealings. The Company and each other party to this Agreement warrant and represent that they have reviewed these waivers with their legal counsel, and that they knowingly and voluntarily agree to each such waiver following consultation with legal counsel. THE WAIVERS IN THIS SECTION 12.10 ARE IRREVOCABLE, MEANING THAT THEY MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THESE WAIVERS SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, SUPPLEMENTS, AND REPLACEMENTS TO OR OF THIS OR ANY OTHER LOAN PAPER. In the event of Litigation, this Agreement may be filed as a written consent to a trial by the court.

12.11 Amendments, Consents, Conflicts, and Waivers.

(a) Except as otherwise specifically provided, (i) this Agreement may only be amended, modified or waived by an instrument in writing executed jointly by the Company and Determining Lenders, and, in the case of any matter affecting Administrative Agent, by Administrative Agent, and may only be supplemented by documents delivered or to be delivered in accordance with the express terms hereof, and (ii) the other Loan Papers may only be the subject of an amendment, modification, or waiver if the Company and Determining Lenders, and, in the case of any matter affecting Administrative Agent, Administrative Agent, have approved same.

(b) Any amendment to or consent or waiver under this Agreement or any Loan Paper which purports to accomplish any of the following must be by an instrument in writing executed by the Company and executed (or approved, as the case may be) by each Lender, and, in the case of any matter affecting Administrative Agent, by Administrative Agent: (i) extends the due date or decreases the amount of any scheduled payment of the Obligation arising under Loan Papers beyond the date specified in the Loan Papers; (ii) reduces the interest rate or decreases the amount of interest, fees, or other sums payable to Administrative Agent or Lenders hereunder (except such reductions as are

contemplated by this Agreement); or (iii) reduces the percentage specified in the definition of "DETERMINING LENDERS"; (iv) changes SECTION 3.2(c) or this CLAUSE (b) or any other matter specifically requiring the consent of all Lenders hereunder; or (v) consents to the assignment or transfer of the Company of any of its rights and obligations under this Agreement. Without the consent of Administrative Agent and Determining Lenders, no provision of SECTION 11 may be amended, modified, or waived. Each Designating Lender shall act on behalf of its Designated Lender with respect to any rights of its Designated Lender to grant or withhold any consent hereunder to the fullest extent it has been so delegated to act by its Designated Lender pursuant to its Designation Agreement.

(c) Any conflict or ambiguity between the terms and provisions herein and terms and provisions in any other Loan Paper shall be controlled by the terms and provisions herein.

(d) No course of dealing nor any failure or delay by Administrative Agent, any Lender, or any of their respective Representatives with respect to exercising any Right of Administrative Agent or any Lender hereunder shall operate as a waiver thereof. A waiver must be in writing and signed by Administrative Agent and Determining Lenders (or by all Lenders, if required hereunder) to be effective, and such waiver will be effective only in the specific instance and for the specific purpose for which it is given.

12.12 Multiple Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. It is not necessary that each Lender execute the same counterpart so long as identical counterparts are executed by the Company, each Lender, and Administrative Agent. This Agreement shall become effective when counterparts hereof shall have been executed and delivered to Administrative Agent by each Lender, Administrative Agent, and the Company, or, when Administrative Agent shall have received telecopied, telexed, or other evidence satisfactory to it that such party has executed and is delivering to Administrative Agent a counterpart hereof.

12.13 Successors and Assigns; Assignments and Participations.

(a) This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Company may not, directly or indirectly, assign or transfer, or attempt to assign or transfer, any of its Rights, duties or obligations under any Loan Papers without the express written consent of all Lenders, and (ii) except as permitted under this Section, no Lender may transfer, pledge, assign, sell any participation in, or otherwise encumber its portion of the Obligation.

(b) Each Lender may assign to one or more Eligible Assignees all or a portion of its Rights and obligations under this Agreement and the other Loan Papers (including, without limitation, all or a portion of its Borrowings and its Note); provided, however, that:

(i) each such assignment shall be to an Eligible Assignee;

(ii) except in the case of an assignment to another Lender or an assignment of all of a Lender's Rights and obligations under this Agreement and the other Loan Papers, any such partial assignment shall be in an amount at least equal to $10,000,000 (or such lower amount as may be requested by a Lender and agreed to by Administrative Agent, acting in its sole discretion);

(iii) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its Rights and obligations under this Agreement and the Notes; and

(iv) the parties to such assignment shall execute and deliver to the Administrative Agent for its acceptance an Assignment and Acceptance Agreement in the form of EXHIBIT C hereto, together with any Notes subject to such assignment and a processing fee of $3,000.

Upon execution, delivery, and acceptance of such Assignment and Acceptance Agreement, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, Rights, and benefits of a Lender under the Loan Papers and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under the Loan Papers. Upon the consummation of any assignment pursuant to this Section, the Company shall issue appropriate Notes to the assignor and the assignee, reflecting such Assignment and Acceptance. If the assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Company and Administrative Agent certification as to exemption from deduction or withholding of Taxes in accordance with SECTION 4.6.

(c) Administrative Agent shall maintain at its address referred to in SECTION 12.3 a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and principal amount of the Borrowings owing to each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company, Administrative Agent and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of the Loan Papers. The Register shall be available for inspection by the Company or any Lender at any reasonable time and from time to time upon reasonable prior notice. Upon the consummation of any assignment in accordance with this SECTION 12.13, SCHEDULE 2.1 shall automatically be deemed amended (to the extent required) by Administrative Agent to reflect the name, address, and respective Pro Rata Part of the Principal Debt of the assignor and assignee.

(d) Upon its receipt of an Assignment and Acceptance Agreement executed by the parties thereto, together with any Notes subject to such assignment and payment of the processing fee, Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of EXHIBIT C hereto, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(e) Subject to the provisions of this Section and in accordance with applicable Law, any Lender may, in the ordinary course of its commercial lending business and in accordance with applicable Law, at any time sell to one or more Persons (each a "PARTICIPANT") participating interests in its portion of the Obligation. In the event of any such sale to a Participant, (i) such Lender shall remain a "Lender" under this Agreement and the Participant shall not constitute a "Lender" hereunder, (ii) such Lender's obligations under this Agreement shall remain unchanged, (iii) such Lender shall remain solely responsible for the performance thereof, (iv) such Lender shall remain the holder of its share of the Principal Debt for all purposes under this Agreement, (v) the Company and Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's Rights and obligations under the Loan Papers, and (vi) such Lender shall be solely responsible for any withholding taxes or any filing or reporting requirements relating to such participation and shall hold the Company and Administrative Agent and their respective successors, permitted assigns, officers, directors, employees, agents, and representatives harmless against the same. Participants shall have no Rights under the Loan Papers, other than certain voting Rights as

provided below. Subject to the following, each Lender shall be entitled to obtain (on behalf of its Participants) the benefits of SECTION 4 with respect to all participations in its part of the Obligation outstanding from time to time so long as the Company shall not be obligated to pay any amount in excess of the amount that would be due to such Lender under SECTION 4 calculated as though no participations have been made. No Lender shall sell any participating interest under which the Participant shall have any Rights to approve any amendment, modification, or waiver of any Loan Paper, except to the extent such amendment, modification, or waiver extends the due date for payment of any amount in respect of principal (other than mandatory prepayments), interest, or fees due under the Loan Papers, reduces the interest rate or the amount of principal or fees applicable to the Obligation (except such reductions as are provided by this Agreement), or releases any guaranty or collateral, if any, for the Obligation (except such releases as are contemplated by this Agreement); provided that, in those cases where a Participant is entitled to the benefits of SECTION 4 or a Lender grants Rights to its Participants to approve amendments to or waivers of the Loan Papers respecting the matters previously described in this sentence, such Lender must include a voting mechanism in the relevant participation agreement or agreements, as the case may be, whereby a majority of such Lender's portion of the Obligation (whether held by such Lender or Participant) shall control the vote for all of such Lender's portion of the Obligation. Except in the case of the sale of a participating interest to another Lender, the relevant participation agreement shall not permit the Participant to transfer, pledge, assign, sell participations in, or otherwise encumber its portion of the Obligation, unless the consent of the transferring Lender (which consent will not be unreasonably withheld) has been obtained.

(f) Any Lender may at any time designate not more than one Designated Lender to fund Borrowings on behalf of such Designating Lender subject to the terms of this SECTION 12.13(f), and the provisions of SECTIONS 12.13(b) AND 12.13(e) shall not apply to such designation. No Lender may have more than one Designated Lender at any time. Such designation may occur either by the execution of the signature pages hereof by such Lender and Designated Lender next to the appropriate "Designating Lender" and "Designated Lender" captions, or by execution by such parties of a Designation Agreement subsequent to the date hereof; provided, that any Lender and its Designated Lender executing the signatures pages hereof as "Designating Lender" and "Designated Lender", respectively, on the date hereof shall be deemed to have executed a Designation Agreement, and shall be bound by the respective representations, warranties and covenants contained therein, and such designation shall be conclusively deemed to be accepted by the Company and the Administrative Agent. The parties to each such designation occurring subsequent to the execution date hereof shall execute and deliver to the Administrative Agent and the Company for their acceptance a Designation Agreement. Upon such receipt of an appropriately completed Designation Agreement executed by a Designating Lender and a designee representing that it is a Designated Lender and consented to by the Company and the Administrative Agent, the Administrative Agent will accept such Designation Agreement and will give prompt notice thereof to the Company and the other Lenders, whereupon, (i) the Company shall execute and deliver to the Designating Lender a Designated Lender Note payable to the order of the Designated Lender, (ii) from and after the effective date specified in the Designation Agreement, the Designated Lender shall become a party to this Agreement with a right to fund Borrowings on behalf of its Designating Lender pursuant to SECTION 2.1(b), and (iii) the Designated Lender shall not be required to make payments with respect to any obligations in this Agreement except to the extent of excess cash flow of such Designated Lender which is not otherwise required to repay obligations of such Designated Lender which are then due and payable; provided, however, that regardless of such designation and assumption by the Designated Lender, the Designating Lender shall be and remain obligated to the Company, the Administrative Agent and the Lenders for each and every of the obligations of the Designating Lender and its related Designated Lender with respect to this Agreement, including, without limitation, any indemnification obligations

under SECTION 11.5(c) hereof and any sums otherwise payable to the Company by the Designated Lender.

Each Designating Lender, or a specified branch or affiliate thereof, shall serve as the administrative agent of its Designated Lender and shall on behalf of its Designated Lender: (i) receive any and all payments made for the benefit of such Designated Lender and (ii) give and receive all communications and notices and take all actions hereunder, including, without limitation, votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Loan Papers. Any such notice, communication, vote, approval, waiver, consent or amendment shall be signed by a Designating Lender, or specified branch or affiliate thereof, as administrative agent for its Designated Lender and need not be signed by such Designated Lender on its own behalf. The Company, the Administrative Agent and the Lenders may rely thereon without any requirement that the Designated Lender sign or acknowledge the same. No Designated Lender may assign or transfer all or any portion of its interest hereunder or under any other Loan Paper, other than pursuant to an assignment to its Designating Lender pursuant to a pledge to its Liquidity Lender (if any) in accordance with SECTION 12.13(g) of this Agreement, or otherwise in accordance with the provisions of this SECTION 12.13.

(g) Notwithstanding any other provision set forth in this Agreement, (i) any Lender may at any time assign and pledge all or any portion of its Borrowings and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder and (ii) any Designated Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and the Designated Lender Note held by it in favor of its Liquidity Bank, and such Liquidity Bank may enforce such pledge or security interest in any manner permitted under applicable law, provided that (y) such Liquidity Bank possesses the characteristics necessary to be an Eligible Assignee under this Agreement, and (z) no such pledge shall release the Designating Lender from its obligations hereunder or grant to such Liquidity Bank the rights of a Lender hereunder absent foreclosure of such pledge.

(h) Any Lender may furnish any information concerning the Company in the possession of such Lender from time to time to Eligible Assignees and Participants (including prospective Eligible Assignees and Participants), subject, however, to SECTION 12.15 hereof.

12.14 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. The Company's obligations under the Loan Papers shall remain in full force and effect until payment in full of the Principal Debt and of all interest, fees, and other amounts of the Obligation then due and owing, except that SECTION 4, SECTION 10, and SECTION 12, and any other provisions under the Loan Papers expressly intended to survive by the terms hereof or by the terms of the applicable Loan Papers, shall survive such termination. If at any time any payment of the principal of or interest on any Note or any other amount payable by the Company under any Loan Paper is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of the Company or otherwise, the obligations of the Company under the Loan Papers with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

12.15 Confidentiality. Administrative Agent and each Lender (each, a "LENDING PARTY") agrees to use its best efforts to keep confidential any information furnished or made available to it by the Company pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any officer, director, employee, agent, or advisor of any Lending Party, (b) to its auditors, accountants, legal counsel or other professional advisors,

(c) as required by any law, rule, or regulation, (d) upon the order of any court or administrative agency, (e) upon the request or demand of any regulatory agency or authority, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Paper, and (i) subject to provisions substantially similar to those contained in this Section, to any Affiliate of any Lending Party or to any actual or proposed participant or assignee. The Company hereby consents to the disclosure of any non-public information with respect to it which is related to this transaction by any Designated Lender to any rating agency, commercial paper dealer, or provider of a surety, guaranty or credit or liquidity enhancement to such Designated Lender.

12.16 No Bankruptcy Proceedings. Each of the Company, the Lenders and the Administrative Agent agrees that it will not institute against any Designated Lender or join any other Person in instituting against any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Designated Lender; provided that the Designating Lender hereby agrees to indemnify, save and hold harmless the Company, each Lender and the Administrative Agent for any loss, cost, damage and expense arising out of their inability to institute any such proceeding against its Designated Lender.

12.17 Guaranties. As an inducement to the Administrative Agent and the Lenders to enter into this Agreement, each Guarantor has executed and delivered to the Administrative Agent this Agreement to (i) ratify and reaffirm their respective obligations under the LLC Guaranty and the Holdings Guaranty, as applicable, and (ii) evidence its acknowledgement, consent, and agreement (a) to the execution, delivery, and performance of this Agreement by the Company, and (b) that this Agreement in no way releases, diminishes, impairs, reduces, or otherwise adversely affects any guaranties, assurances, or other obligations or undertakings of such Guarantor under any Loan Paper.

12.18 Existing Defaults of No Effect. Any default which has occurred and is continuing under the Existing Loan Agreement, if any, shall, upon the satisfaction of the conditions set forth in SECTION 6.1, be deemed to be fully and completely remedied and of no further force and effect, except to the extent that the event or condition causing such default shall constitute a Default or a Potential Default under this Agreement. Without limiting the generality of the foregoing, the Lenders hereby waive the condition precedent to the effectiveness of the Fifth Amendment to Term Loan Agreement dated as of July 31, 2002 (the "Fifth Amendment") that the Company provide a satisfactory legal opinion of its special counsel, Skadden Arps, Slate, Meagher & Flom LLP contained in Paragraph 3(d) of the Fifth Amendment.

EXECUTED on the respective dates shown on the signature pages hereto, but effective as of the Closing Date.

[REMAINDER OF PAGE INTENTIONALLY BLANK.
SIGNATURE PAGES FOLLOW.]

Signature Page to that certain First Amended and Restated Term Loan Agreement dated as of October __, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, Commerzbank AG, as Syndication Agent and as a Lender, The Bank of Nova Scotia, as Documentation Agent and as a Lender, and certain Lenders named therein.

Address for notices

One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Attention: Treasurer
Telephone No.: (918) 573-5551
Facsimile No.: (918) 573-2065

THE WILLIAMS COMPANIES, INC.,
a Delaware corporation

By:

Name: James G. Ivey
Title: Treasurer

With a copy to:

One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attention: Associate General Counsel
Telephone No.: (918) 573-2613
Facsimile No.: (918) 573-4503

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

Signature Page to that certain First Amended and Restated Term Loan Agreement dated as of October __, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, Commerzbank AG, as Syndication Agent and as a Lender, The Bank of Nova Scotia, as Documentation Agent and as a Lender, and certain Lenders named therein, including the undersigned.

Address for notices	
One Williams Center, Suite 5000	WILLIAMS GAS PIPELINE COMPANY, L.L.C.
Tulsa, Oklahoma 74172	
Attn: Treasurer	
Telephone No.: (918) 573-5551	
Facsimile No.: (918) 573-2065	By: /s/ James G. Ivey
	Name: James G. Ivey
	Title: Assistant Treasurer

With a copy to:

One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attn: Associate General Counsel
Telephone No.: (918) 573-2613
Facsimile No.: (918) 573-4503

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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Address for notices
One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Attn: Treasurer
Telephone No.: (918) 573-5551
Facsimile No.: (918) 573-2065

WILLIAMS PRODUCTION HOLDINGS L.L.C.

By: /s/ Ralph A. Hill

Name: Ralph A. Hill

Title: Senior Vice President

With a copy to:

One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attn: Associate General Counsel
Telephone No.: (918) 573-2613
Facsimile No.: (918) 573-4503

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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1301 Avenue of the Americas
New York, New York 10019

CREDIT LYONNAIS NEW YORK BRANCH,
as Administrative Agent and as a Lender

By: /s/ Olivier Audemard

Name: Olivier Audemard

Title: Senior Vice President

With a copy to:
1301 Travis Street, Suite 2100
Houston, Texas 77002
Attention: Mr. Richard Kaufman
Telephone No.: 713-890-8605
Facsimile No.: 713-890-8666

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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1230 Peachtree Street, Suite 3500
Atlanta, Georgia 30309
Attn: Brian Campbell
Telephone: (404) 888-6518
Facsimile: (404) 888-6539

COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES, as Syndication Agent, as a Lender and as a Designating Lender

By: /s/ Harry Yergey
Name: Harry Yergey
Title: Senior Vice President and Manager

By: /s/ Brian Campbell
Name: Brian Campbell
Title: Senior Vice President

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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FOUR WINDS FUNDING CORPORATION,
as a Designated Lender

By COMMERZBANK AKTIENGESELLCHAFT, as
Administrator and Attorney-in-Fact

By:

Name:

Title:

By:

Name:

Title:

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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1100 Louisiana Street, Suite 3000
Houston, Texas 77002
Attn: Joe Latanzie
Telephone: (713) 759-3435
Facsimile: (713) 752-2425

THE BANK OF NOVA SCOTIA,
as Documentation Agent and as a Lender

By:

Name:

Title:

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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1020 19th Street, NW, Suite 500
Washington, DC 20036
Attn: David Young
Telephone: (202) 842-7956
Facsimile: (202) 842-7955

ABU DHABI INTERNATIONAL BANK INC.,
as a Lender

By: /s/ David J. Young
Name: David J. Young
Title: Vice President

By: /s/ Nagy S. Kolta
Name: Nagy S. Kolta
Title: Executive Vice President

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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470 Park Avenue South
32nd Street, 15th Floor
New York, New York 10016
Attn: Hussein El-Tawil
Telephone: (212) 251-1245
Facsimile: (212) 679-5910

BANK POLSKA KASA OPIEKI S.A.,
as a Lender

By: /s/ Hussein El-Tawil

Name: Hussein El-Tawil

Title: Vice President

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

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333 West 34th Street, 8th Floor
New York, NY 10001
Attn: Shawn Bernet
Telephone: (212) 615-9142
Facsimile: (212) 615-9149

SALOMON BROTHERS HOLDING COMPANY, INC.
as a Lender

By: /s/ Shawn Bernet

Name: Shawn Bernet

Title: Assistant Vice President

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

Signature Page to that certain First Amended and Restated Term Loan Agreement dated as of October __, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, Commerzbank AG, as Syndication Agent and as a Lender, The Bank of Nova Scotia, as Documentation Agent and as a Lender, and certain Lenders named therein, including the undersigned.

CHANG HWA COMMERCIAL BANK, LTD.,
NEW YORK BRANCH, as a Lender

By:

Name:

Title:
----

685 3rd. Ave. 29th Floor,
New York, New York 10017
Attn: Peter Lien
Telephone: (212) 651-9770
Facsimile: (212) 651-9785

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76 Madison Avenue, 12th Floor
New York, New York 10016
Attn: Max Kwok
Telephone: (212) 684-9248
Facsimile: (212) 684-9315

FIRST COMMERCIAL BANK - NEW YORK AGENCY, as a Lender

By: /s/ Bruce M.J. Ju

Name: Bruce M.J. Ju

Title: VP/General Manager

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380 Madison Avenue, 21st Floor
New York, New York 10017
Attn: Bill Shepard
Telephone: (212) 922-2323
Facsimile: (212) 922-2309

GULF INTERNATIONAL BANK,
as a Lender

By:

Name:

Title:

By:

Name:

Title:

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200 Madison Avenue, Suite 20007
New York, New York 10016
Attn: Frank Tang
Telephone: (646) 435-1881
Facsimile: (212) 417-9341

HUA NAN COMMERCIAL BANK, LTD.,
as a Lender

By:

Name:

Title:

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150 East 42nd Street, 29th Floor
New York, New York 10017
Attn: Steve Atwell
Telephone: (212) 672-5458
Facsimile: (212) 672-5530

BAYERISCHE HYPO-UND VEREINSBANK AG, NEW YORK BRANCH, as a Lender

By: /s/ Steve Atwell

Name: Steve Atwell

Title: Director

By: /s/ Shannon Batchman

Name: Shannon Batchman

Title: Director

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KBC BANK N.V., as a Lender

245 Peachtree Center Avenue, Suite 2550
Atlanta, Georgia 30303
Attn: Filip Ferrante
Telephone: (404) 584-5466
Facsimile: (404) 584-5465

By: /s/ Robert Snauffer
Name: Robert Snauffer
Title: First Vice President

By: /s/ Eric Raskin
Name: Eric Raskin
Title: Vice President

With a copy to:

125 West 55th Street
New York, New York 10019
Attn: Diane Grimmig
Telephone: (212) 541-0707
Facsimile: (212) 541-0784

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Grosse Bleiche 54-56
Mainz, Germany 55098
Attn: Daniel Juncker
Telephone: (011) 49-61-31-133374
Facsimile: (011) 49-61-31-132599

LANDESBANK RHEINLAND-PFALZ,
GIROZENTRALE,
as a Lender

By: /s/ Signature not legible
Name: Name not legible
Title: Vice President

By: /s/ Signature not legible
Name: Name not legible
Title: Manager

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Ursulinenstra(beta)e 2
66111 Saarbrucken, Germany
Attn: Rolf Buchholz
Telephone: (011) 49-681-383-1304
Facsimile: (011) 49-681-383-1208

LANDESBANK SAAR GIROZENTRALE,
as a Lender

By: /s/ Ulrich Hildebrandt

Name: Ulrich Hildebrandt

Title: Senior Vice President

By: /s/ Jorg Weber

Name: Jorg Weber

Title: Manager

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Martensdamm 6
Kiel, Germany 24103
Attn: Kerstin Spaeter
Telephone: (011) 49-431-900-2765
Facsimile (011) 49-431-900-17 94

LANDESBANK SCHLESWIG-HOLSTEIN
GIROZENTRALE, as a Lender

By: /s/ Dr. Nikolai Ulrich
Name: Dr. Nikolai Ulrich
Title: Vice President

By: /s/ Andrea Kremser
Name: Andrea Kremser
Title: Assistant Vice President

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811 Wilshire Boulevard, Suite 1900
Los Angeles, California 90017
Attn: Jonathan Kuo
Telephone: (213) 532-3789
Facsimile: (213) 532-3766

LAND BANK OF TAIWAN, LOS ANGELES BRANCH, as a Lender

By: -------------------------------

Name: -----------------------------

Title: ----------------------------

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2250 East 73rd Street, Suite 200
Tulsa, Oklahoma 74136
Attn: Elisabeth Blue
Telephone: (918) 497-2422
Facsimile: (918) 497-2497

LOCAL OKLAHOMA BANK, N.A.,
as a Lender

By: /s/ Elisabeth F. Blue
Name: Elisabeth F. Blue
Title: Senior Vice President

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NATIONAL BANK OF KUWAIT, S.A.K.,
GRAND CAYMAN BRANCH, as a Lender

By: /s/ Robert J. McNeill

Name: Robert J. McNeill

Title: Executive Manager

By: /s/ Muhannad Kamal

Name: Muhannad Kamal

Title: General Manager

299 Park Avenue, 17th Floor
New York, New York 10171
Attn: Wendy Wanninger
Telephone: (212) 303-9807
Facsimile: (212) 888-2958

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1200 Smith Street, Suite 3100	BNP PARIBAS, as a Lender
Houston, Texas 77002	
Attn: Mark Cox	
Telephone: (713) 982-1152	
Facsimile: (713) 859-6915	By: /s/ Mark A. Cox and Larry Robinson
	Name: Mark A. Cox and Larry Robinson
	Title: Director and Vice President

With a copy to:

1200 Smith Street, Suite 3100
Houston, Texas 77002
Attn: David Dodd
Telephone: (713) 982-1156
Facsimile: (713) 859-6915

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THE ROYAL BANK OF SCOTLAND PLC,
as a Lender

By:

Name:

Title:
----

135 Bishopsgate
London, England EC2M 3UR
Attn: Jane Woodley
Telephone: (011) 44-207-375-5724
Facsimile: (011) 44-207-375-5919

With a copy to:

JP Morgan Chase Towers
600 Travis, Suite 6070
Houston, Texas 77002
Attn: Adam Pettifer
Telephone: (713) 221-2416
Facsimile: (713) 221-2430

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277 Park Avenue, 6th Floor
New York, New York 10172
Attn: Kenneth Austin
Telephone: (212) 224-4043
Facsimile: (212) 224-4384

SUMITOMO MITSUI BANKING CORPORATION, as a Lender

By: /s/ Leo E. Paqariqan

Name: Leo E. Paqariqan

Title: Senior Vice President

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MIZUHO CORPORATE BANK, LTD., as a Lender

By: /s/ Jacques Azagury

Name: Jacques Azagury

Title: Senior Vice President and Manager

1221 McKinney Street, Suite 4100
Houston, Texas 77010
Attn: Jacques Azagury
Telephone: (713) 650-7845
Facsimile: (713) 759-0717

With a copy to:

1221 McKinney Street, Suite 4100
Houston, Texas 77010
Attn: Scott Chappell
Telephone: (713) 650-7828
Facsimile: (713) 759-0717

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55 East 52nd Street New York, New York 10055 Attn: Ryoichi Konishi Telephone: (212) 339-6172 Facsimile: (212) 754-2360	UFJ BANK LIMITED, as a Lender By: /s/ L.J. Perenyl Name: L.J. Perenyl Title: Vice President

[THIS IS A SIGNATURE PAGE TO THE FIRST AMENDED AND RESTATED TERM LOAN AGREEMENT]

EXHIBIT A

FORM OF TERM NOTE

$_______________ October __, 2002

FOR VALUE RECEIVED, the undersigned, THE WILLIAMS COMPANIES, INC., a Delaware corporation ("THE COMPANY"), hereby promises to pay to the order of (the "LENDER"), at the offices of CREDIT LYONNAIS NEW YORK BRANCH, as Administrative Agent for the Lender and others as hereinafter described, on the Maturity Date, the lesser of (i) ($) and (ii) the aggregate Principal Debt disbursed by the Lender to the Company and outstanding and unpaid on the Maturity Date (together with accrued and unpaid interest thereon).

This note has been executed and delivered under, and is subject to the terms of, the First Amended and Restated Term Loan Agreement, dated as of October 31, 2002 (as amended, modified, supplemented, or restated from time to time, the "AGREEMENT"), among the Company, the Lender and other lenders named therein, and the Administrative Agent, and is one of the "Term Notes" referred to therein. Unless defined herein, capitalized terms used herein that are defined in the Agreement have the meaning given to such terms in the Agreement. Reference is made to the Agreement for provisions affecting this note regarding applicable interest rates, principal and interest payment dates, final maturity, voluntary and mandatory prepayments, acceleration of maturity, exercise of Rights, payment of attorneys' fees, court costs and other costs of collection, certain waivers by the Company and others now or hereafter obligated for payment of any sums due hereunder and security for the payment hereof. Without limiting the immediately preceding sentence, reference is made to SECTION 3.8 of the Agreement for usury savings provisions.

THE LAWS OF THE STATE OF NEW YORK AND OF THE UNITED STATES OF AMERICA SHALL GOVERN THE RIGHTS AND DUTIES OF THE COMPANY AND THE LENDER AND THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION HEREOF.

THE WILLIAMS COMPANIES, INC.

By

James G. Ivey
Treasurer

EXHIBIT B

FORM OF NOTICE OF CONVERSION

-------------- --, ----

Credit Lyonnais New York Branch,
as Administrative Agent for the
Lenders as defined in the First
Amended and Restated Term
Loan Agreement referred to below
1301 Avenue of the Americas
New York, New York 10019

Attn: ------------------------------
Fax: (214) --------------

Reference is made to (i) the First Amended and Restated Term Loan Agreement, dated as of October 31, 2002 (as amended, modified, supplemented, or restated from time to time, "AGREEMENT"), among the undersigned, the Lenders named therein, and the Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The undersigned hereby gives you notice pursuant to SECTION 3.10 of the Agreement that it elects to convert a Borrowing from one Type to another Type or elects a new Interest Period for a Eurodollar Rate Borrowing, and in that connection, sets forth below the terms on which such election is requested to be made:

(A)	Borrowing Date of Borrowing*	(A)	-----------------
(B)	Amount of Borrowing**	(B)	-----------------
(C)	Type of Borrowing***	(C)	-----------------
(D)	For conversion to, or continuation of, a Eurodollar Rate Borrowing, the Interest Period and the last day thereof****	(D)	-----------------

On the date the rate is set, please confirm the interest rate below and return by facsimile transmission to ____.

Very truly yours,

THE WILLIAMS COMPANIES, INC.

By: ---
(Name): -------------------------------------
(Title) -------------------------------------

Term Facility Rate: -----------------

Confirmed by: -------------------------------

* Must be a Business Day at least three (3) Business Days following receipt by Administrative Agent of this Notice of Conversion from a Base Rate Borrowing to a Eurodollar Rate Borrowing or a continuation of a Eurodollar Rate Borrowing for an additional Interest Period.

** Not less than $5,000,000 or an integral multiple of $1,000,000.

*** Eurodollar Rate Borrowing or Base Rate Borrowing.

**** Eurodollar Rate Borrowing -- 1, 2, 3, or 6 months. In no event may the Interest Period end after the Maturity Date.

EXHIBIT C

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

Reference is made to the First Amended and Restated Term Loan Agreement dated as of October 31, 2002 (as amended, modified, supplemented, or restated from time to time, the "AGREEMENT") among THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "COMPANY"), the Lenders, (each such term as defined in the Agreement), and CREDIT LYONNAIS NEW YORK BRANCH, as the Administrative Agent for Lenders ("ADMINISTRATIVE AGENT"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

The "ASSIGNOR" and the "ASSIGNEE" referred to on SCHEDULE 1 agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse and without representation or warranty except as expressly set forth herein, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's Rights and obligations under the Agreement and the related Loan Papers as of the date hereof equal to the percentage interest specified on SCHEDULE 1. After giving effect to such sale and assignment, the Assignor's and the Assignee's amount of the Borrowings under the Term Facility owing to each of them will be as set forth on SCHEDULE 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Papers or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Papers or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any party to any Loan Paper or the performance or observance by any such party of any of its obligations under the Loan Papers or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note held by the Assignor and requests that Administrative Agent exchange such Note for new Notes. Such new Notes shall be prepared in accordance with the provisions of SECTION 3.1(a) of the Agreement and will reflect the respective Borrowings of the Assignee and the Assignor after giving effect to this Assignment and Acceptance.

3. The Assignee (i) confirms that it has received a copy of the Agreement, together with copies of the current financials statements of the Company furnished pursuant to the Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor, or any other Lender, 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 the Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes Administrative Agent to take such action as Administrative Agent on its behalf and to exercise such powers and discretion under the Agreement as are delegated to Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Agreement are required to be performed by it as a Lender.

4. Following the execution of this Assignment and Acceptance, it will be delivered to Administrative Agent for acceptance and recording by the Administrative Agent. The effective date for this Assignment and Acceptance (the "EFFECTIVE DATE") shall be the date of acceptance hereof by Administrative Agent, unless otherwise specified on SCHEDULE 1.

5. Upon such acceptance and recording by Administrative Agent, as of the Effective Date, (i) the Assignee shall be a party to the Agreement and, to the extent provided in this Assignment and Acceptance, have the Rights and obligations of a Lender thereunder, and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its Rights and be released from its obligations under the Agreement.

6. Upon such acceptance and recording by Administrative Agent, from and after the Effective Date, Administrative Agent shall make all payments under the Agreement, the Notes, and loan accounts in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest, and commitment fees and other fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Agreement and the other Loan Papers for periods prior to the Effective Date directly between themselves.

7. Unless the Assignee is a Lender or an Affiliate of a Lender (and this sale and assignment is not made in connection with the sale of such Affiliate), this Assignment and Acceptance may be conditioned upon the consent of the Company and Administrative Agent pursuant to the definition of "Eligible Assignee" in the Agreement. The execution and delivery of this Assignment and Acceptance by the Company and Administrative Agent is evidence of this consent.

8. As contemplated by SECTION 12.13(b)(vi) of the Agreement, the Assignor or the Assignee (as determined between the Assignor and the Assignee) agrees to pay to Administrative Agent for its account on the Effective Date in federal funds a processing fee of $3,000.

9. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE UNITED STATES OF AMERICA AND THE STATE OF NEW YORK.

10. This Assignment and Acceptance 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. Delivery of an executed counterpart of SCHEDULE 1 to this Assignment and Acceptance by Telecopied shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused SCHEDULE 1 to this Assignment and Acceptance to be executed by their officers hereunto duly authorized as of the date specified thereon.

SCHEDULE 1
to
ASSIGNMENT AND ACCEPTANCE AGREEMENT
(TERM FACILITY)

1. Assigned Interest:

   (a) Aggregate Borrowings owed to Assignor, immediately prior to giving effect to the assignment to Assignee $ -------------------

   (b) Percentage Interest in Borrowings being assigned to Assignee by Assignor. ------------------- %

2. Adjustments after giving effect to Assignment between Assignor and Assignee:

   (a) Assignor's aggregate Borrowings $ -------------------

   (b) Assignee's Borrowings acquired from Assignor pursuant to this Assignment $ -------------------

3. Effective Date (if other than date of acceptance by Administrative Agent): * -------------- ---, ------

Exhibit C

SCHEDULE 1
to
ASSIGNMENT AND ACCEPTANCE AGREEMENT
(TERM FACILITY)
(PAGE 2 OF 2)

[NAME OF ASSIGNOR], as Assignor

By: --

Title: --------------------------------------

Dated: -------------------- ----, ------

[NAME OF ASSIGNEE], as Assignee

By: --

Title: --------------------------------------

Dated: -------------------- ----, ------

If SECTION 12.13(b) and CLAUSE (c) of the definition of "Eligible Assignee" of the Agreement so require, the Company and Administrative Agent consent to this Assignment and Acceptance.

THE WILLIAMS COMPANIES, INC.,
as The Company

By: -------------------------------------

Title: ----------------------------------

Dated: -------------------- ----, ------

CREDIT LYONNAIS NEW YORK BRANCH,
as Administrative Agent

By: -------------------------------------

Title: ----------------------------------

Dated: -------------------- ----, ------

* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to Administrative Agent.

EXHIBIT D-1

FORM OF OPINION OF GENERAL COUNSEL OF THE COMPANY AND THE GUARANTORS

EXHIBIT D-2

FORM OF OPINION OF NEW YORK COUNSEL TO THE COMPANY AND THE GUARANTORS

EXHIBIT E

FORM OF DESIGNATION AGREEMENT

Dated _________________, 2000

Reference is made to that certain First Amended and Restated Term Loan Agreement dated as of October 31, 2002 (as amended, supplemented or otherwise modified from time to time, the "Agreement") by and among The Williams Companies, Inc. (the "Company"), the Lenders parties thereto, and Credit Lyonnais, New York Branch, as Administrative Agent (the "Administrative Agent"). Terms defined in the Agreement are used herein with the same meaning.

[NAME OF DESIGNATING LENDER] (the "Designating Lender"), [NAME OF DESIGNEE] (the "Designee"), the Administrative Agent and the Company agree as follows:

1. Pursuant to SECTION 2.1(b) of the Agreement, the Designating Lender hereby designates the Designee, and the Designee hereby accepts such designation, to have a right to fund Borrowings pursuant to SECTION 2.1(a) of the Agreement. Any delegation by Designating Lender to Designee of its rights to fund Borrowings pursuant to such SECTION 2.1(b) shall be effective at the time of the funding of such Borrowing and not before such time.

2. Except as set forth in SECTION 7 below, the Designating Lender makes no representation or warranty and assumes no responsibility pursuant to this Designation Agreement with respect to (a) any statements, warranties or representations made in or in connection with any Loan Paper or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Paper or any other instrument and document furnished pursuant thereto and (b) the financial condition of the Company or the performance or observance by the Company of any of its obligations under any Loan Paper or any other instrument or document furnished pursuant thereto.

3. The Designee (a) confirms that it has received a copy of each Loan Paper, together with copies of the financial statements referred to in SECTIONS 7.5 and 8.2 of the Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement; (b) agrees that it will independently and without reliance upon the Administrative Agent, the Designating Lender or any other Lender 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 Loan Paper; (c) confirms that it is a Designated Lender; (d) appoints and authorizes the Administrative Agent to take such action as Administrative Agent on its behalf and to exercise such powers and discretion under any Loan Paper as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of any Loan Paper are required to be performed by it as a Lender.

4. The Designee hereby appoints [Designating Lender or a specified branch or affiliate of Designating Lender] as Designee's Administrative Agent and attorney in fact and grants to [Designating Lender or a specified branch or affiliate of Designating Lender] an irrevocable power of attorney to receive payments made for the benefit of Designee under the Agreement, to deliver and receive all communications and notices under the Agreement and other Loan Papers and to exercise on Designee's behalf all rights to vote and to grant and make approvals, waivers, consents of amendments to or under the Agreement or other Loan Papers. Any document executed by such Administrative Agent on the Designee's behalf in connection with

the Agreement or other Loan Papers shall be binding on the Designee. The Company, the Administrative Agent and each of the Lenders may rely on and are beneficiaries of the preceding provisions.

5. Following the execution of this Designation Agreement by the Designating Lender, its Designee and the Company, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent. The effective date for this Designation Agreement (the "Effective Date") shall be the date of acceptance hereof by the Administrative Agent, unless otherwise specified on the signature page thereto.

6. Each of the Company, the Designating Lender and the Administrative Agent hereby (i) acknowledges that the Designee is relying on the non-petition provisions of SECTION 12.16 of the Agreement as agreed to by all signatories thereto and (ii) reaffirms that it will not institute against the Designee or join any other Person in instituting against the Designee any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under any federal or state bankruptcy or similar law for one year and one day after the payment in full of the latest maturing commercial paper note issued by the Designee.

7. The Designating Lender unconditionally agrees to pay or reimburse the Designee and save the Designee harmless against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed or asserted by any of the parties to the Loan Papers against the Designee, in its capacity as such, in any way relating to or arising out of this Agreement or any other Loan Papers or any action taken or omitted by the Designee hereunder or thereunder, provided that the Designating Lender shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements if the same results from the Designee's gross negligence or willful misconduct.

8. Upon such acceptance and recording by the Administrative Agent, as of the Effective Date, the Designee shall be a party to the Agreement with a right to fund Borrowings as a Designated Lender pursuant to SECTION 2.1(b) of the Agreement and the rights and obligations of a Designated Lender related thereto; provided, however, that the Designee shall not be required to make payments with respect to such obligations except to the extent of excess cash flow of the Designee which is not otherwise required to repay obligations of the Designee Lender which are then due and payable. Notwithstanding the foregoing, the [Designating Lender or a specified branch or affiliate of Designating Lender], as administrative agent for the Designee, shall be and remain obligated to the Company, the Administrative Agent and the Lenders for each and every of the obligations of the Designee and the Designating Lender with respect to the Agreement, including, without limitation, any indemnification obligations under SECTION 11.5(c) of the Agreement and any sums otherwise payable to the Company by the Designee.

9. This Designation Agreement shall be governed by and construed in accordance with the laws of the State of New York.

10. This Designation 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. Delivery of an executed counterpart of a signature page to this Designation Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart of this Designation Agreement.

IN WITNESS WHEREOF, the Designating Lender and the Designee intending to be legally bound, have caused this Designation Agreement to be executed by their officers hereunto duly authorized as of the date first above written.

[NAME OF DESIGNATING LENDER],
as Designating Lender

By:

Title:

[NAME OF DESIGNEE], as Designee

By:

Title:
Lending Office (and address for notices):

THE WILLIAMS COMPANIES, INC.,
as Company

By:
Title:

Accepted this ___ day
of __________, 200_

Effective Date:

CREDIT LYONNAIS, NEW YORK BRANCH
as Administrative Agent

By:

Title:

Exhibit E

EXHIBIT F

INVESTMENTS DESCRIBED IN SECTION 8.9 OF THE AGREEMENT

Loan Agreement dated as of September 8, 1999, between Williams Communications, Inc., as Borrower, and the Company, 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 the Company 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 the Company 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, the Company's investment in WCG consists of 395,434,965 shares of Class B common stock.

EXHIBIT G

EXISTING LOANS AND INVESTMENTS IN WCG SUBSIDIARIES

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
Amended and Restated Administrative Services Agreement but excluding all Service Level Agreements included therein other than those listed below	23-Apr-01	TWC and WCG
Amended and Restated Administrative Services Agreement -- Cafeteria Card (SLA No. ASF-11)		
Amended and Restated Administrative Services Agreement -- Catering Services (SLA No. ASF-3)		
Amended and Restated Administrative Services Agreement -- Data Center Floor Space (SLA No. IT-23)		
Amended and Restated Administrative Services Agreement -- Security System Administration (SLA No. ASR-2)		
Amended and Restated Administrative Services Agreement -- Telecommunications Support (PBX) (SLA No. IT-19)		
Amended and Restated Administrative Services Agreement -- Warren Clinic (SLA No. HR-17)		
Amended and Restated Administrative Services Agreement -- Records Management (Revised) (SLA No. ASF-9)		
Amended and Restated Confidentiality and Nondisclosure Agreement	1-Feb-02	TWC and WCG
Amended and Restated Cross-License Agreement	23-Apr-01	TWC and WCG
Amended and Restated Employee Benefits Agreement	23-Apr-01	TWC and WCG
Amended and Restated Separation Agreement	23-Apr-01	TWC and WCG
Amendment of State of Oklahoma OIC Agreement	23-Apr-01	TWC and WCG
ITWill Assignment and Assumption Agreement	23-Apr-01	TWC and WCG
Mutual Waiver, dated April 23, 2001	23-Apr-01	TWC and WCG
Professional Services Agreement	23-Apr-01	TWC, WCG, The Feinberg Group, LLP
Relocation Services Agreement	2-Jan-02	Williams Relocation Management, Inc. (a TWC subsidiary) and WCG
Restructuring Support Agreement	23-Feb-02	TWC and WCG
Shareholder Agreement	23-Apr-01	TWC and WCG
Trademark License Agreement	23-Apr-01	TWC and WCG
Guaranty Indemnification	26-Jul-02	TWC and WCG Agreement
Reaffirmation and Cancellation Agreement	15-Oct-02	TWC and WCG and its Subsidiaries
All agreements and exhibits related to or incorporated by the foregoing that were entered into to implement the transactions contemplated thereby, e.g. Assignment and Assumption Agreements, Bills of Sale.		
Agreement Of Purchase And Sale And Construction Completion	26-Feb-01 (as amended 13-Mar-01, 13-April-01, 13-Sep-01, 30-Apr-02	Williams Headquarters Building Company and WCL

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
Agreement To Terminate Aircraft Dry Lease -- N352WC	27-Mar-02	Williams Aircraft Leasing, LLC (a TWC subsidiary) and WCL
Aircraft Dry Lease -- N358WC	13-Sep-01	Williams Communications Aircraft, LLC (a TWC subsidiary) and WCL
Aircraft Dry Lease -- N359WC	13-Sep-01	Williams Communications Aircraft, LLC (a TWC subsidiary) and WCL
Bank of Oklahoma Tower Use Agreement	23-Apr-01	Williams Headquarters Building Company and WCL
Central Plant Lease Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Construction, Operating and Maintenance Agreement	1-Jan-97 (as amended 19-Feb-99)	Transcontinental Gas Pipe Line Corporation (a TWC subsidiary) and WCL
Consulting Services Agreement	29-Oct-01	Williams Pipe Line Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	18-Feb-99	Northwest Pipeline Corporation (a TWC subsidiary) and WCL
Co-Occupancy Agreement	22-Feb-99	Williams Gas Pipelines Central, Inc. (a TWC subsidiary) and WCL
Co-Occupancy Agreement	1-May-00	Williams Pipe Line Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	5-Mar-99 (as amended 23-Apr-01)	Mid-America Pipeline Company (a TWC subsidiary) and WCL
Co-Occupancy Agreement	5-Mar-99 (as amended 23-Apr-01)	Williams Field Services Company (a TWC subsidiary) and WCL
Dark Fiber IRU Agreement	26-Feb-01	Transcontinental Gas Pipe Line Corporation (a TWC Subsidiary) and WCL
Fairfax Terminal Station Site Lease	26-Aug-96	Williams Pipe Line Company (a TWC subsidiary) and WCL
First Amendment to Level 3 Sublease Agreement	1-Jan-99 (as amended 31-Dec-00 and assigned 23-Apr-01)	TWC and WCL
Lease Agreement	1-Jan-97	Williams Natural Gas Company (a TWC subsidiary now known as Williams Gas Pipelines Central, Inc.) and WCL
Lease Agreement	1-Sep-95	Transcontinental Gas Pipe Line Corporation (a TWC subsidiary) and WCL
Lease Agreement	1-Mar-97	Texas Gas Transmission Corporation and WCL
Management Services Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Master Agreement	23-Feb-99 (as amended 23-Apr-01)	Williams Pipe Line Company (a TWC subsidiary) and WCL
Nondisclosure Agreement	29-Oct-01	TWC and WCL
Northwest Plaza Level Amended and Restated Lease Agreement	1-Jan-99 (as amended 31-Dec-00)	Original Amended and Restated Lease Agreement between Williams

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
		Headquarters Building Company, Landlord, and WCL, Tenant; amendment between TWC, Sublessor, and WCG, Sublessee
Operation, Maintenance and Repair Agreement	19-Feb-99 (as amended 31-Aug-99)	Mid-America Pipeline Company, Northwest Pipeline Corporation, Texas Gas Transmission Corporation, Transcontinental Gas Pipe Line Corporation, Williams Field Services Company, Williams Gas Pipelines Central, Inc. and Williams Pipe Line Company and WCL
Partial Assignment and Assumption Agreement	26-Feb-01	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Sale Agreement	14-Feb-97	Williams Pipe Line Company (a TWC subsidiary) and WCL
Southwest Plaza Level Amended and Restated Lease Agreement	1-Jan-99	Williams Headquarters Building Company and WCL
Sublease Agreement	1-May-00	Williams Pipe Line Company (a TWC subsidiary) and WCG; WCG assigned its rights to WCL on 2-Apr-02
Technical Services Agreement	1998	Spectrum Network Systems Limited (now known as PowerTel Limited, a 45% WCG subsidiary) and Williams International Services Company (a TWC subsidiary)
Teleport Services Agreement	9-Oct-01	Williams Energy Marketing & Trading co. (a TWC subsidiary and WCL
The Depot Amended and Restated Lease Agreement	1-Jan-99 (as amended 31-Dec-00 and assigned 23-Apr-01)	Williams Headquarters Building Company and WCL
TWC Corporate Guarantee	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
TWC Corporate Guarantee	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
TWC Guaranty	23-Apr-01	TWC guaranteed a TWC subsidiary in favor of a WCL subsidiary
User Agreement for Pipe	5-Mar-99 (as amended 23-Apr-01)	Williams Pipe Line Company (a TWC subsidiary) and WCL
Utility Service Agreement	23-Apr-01 (as amended 13-Sep-01)	Williams Headquarters Building Company and Williams Technology Center, LLC (a WCL subsidiary)
Web Hosting and Streaming Services Agreement	2-Oct-00	Williams Energy Services, Inc. (a TWC subsidiary) and WCL
Weld County Sublease Agreement	19-Apr-96	Williams Natural Gas Company (a TWC subsidiary) and WCL
Declaration of Reciprocal Easements (as amended)	15-Oct-02	Williams Headquarters Building Company and Williams Technology Center, LLC
Membership Unit Purchase Agreement	15-Oct-02	Williams Aircraft, Inc. and Williams Communications, LLC

TWC CONTINUING CONTRACTS TO WHICH WCG IS A PARTY

AGREEMENT	DATE	PARTIES
Real Estate Purchase Agreement	15-Jul-02	Williams Headquarters Building Company, Williams Technology Center, LLC, Williams Communications, LLC, Williams Communications Group, Inc. and Williams Aircraft Leasing, LLC

All agreement and exhibits related to or incorporated by the foregoing that were entered into to implement the transactions contemplated thereby, e.g. Assignment and Assumption Agreements, Bills of Sale.

Exhibit G

SCHEDULE I

PERMITTED LIENS

(a) (i) Any Lien existing on any property at the time of the acquisition thereof and not created in contemplation of such acquisition by the Company or any of its Subsidiaries, whether or not assumed by the Company or any of its Subsidiaries, (ii) purchase money, construction or analogous Liens securing obligations incurred in connection with or financing the direct or indirect costs of or relating to the acquisition, construction (including design, engineering, installation, testing and other related activities), development (including drilling), improvement, repair or replacement of property (including such Liens securing Debt or other obligations incurred in connection with the foregoing or within 30 days of the later of (x) the date on which such Property was acquired or construction, development, improvement, repair or replacement thereof was complete or (y) if applicable, the final "in service" date for commencement of full operations of such property), provided that all such Liens attach only to the property acquired, constructed, developed, improved or repaired or constituting replacement property, and the principal amount of the Debt or other obligations secured by such Lien, together with the principal amount of all other Debt secured by a Lien on such property, shall not exceed the gross acquisition, construction, replacement and other costs specified above of or for the property, (iii) Liens on receivables created pursuant to a sale, securitization or monetization of such receivables, and Liens on rights of the Company or any Subsidiary related to such receivables which are transferred to the purchaser of such receivables in connection with such sale, securitization or monetization; provided that the Liens secure only the obligations of the Company or any of its Subsidiaries in connection with such sale, securitization or monetization, (iv) Liens created by or reserved in any operating lease (whether for real or personal property) entered into in the ordinary course of business (excluding Synthetic Leases) provided that the Liens created thereby (1) attach only to the Property leased to the Company or one of its Subsidiaries, pursuant to such operating lease and (2) secure only the obligations under such lease and supporting documents that do not create obligations other than with respect to the leased property (including for rent and for compliance with the terms of the lease), (v) Liens on property subject to a Capital Lease created by such Capital Lease and securing only obligations under such Capital Lease and supporting documents that do not create obligations other than with respect to the leased property, (vi) any interest or title of a lessor in the property subject to any Capital Lease, Synthetic Lease or operating lease, (vii) Liens in the form of filed Uniform Commercial Code or personal property security statements (or similar filings outside Canada and the United States) to perfect any Permitted Lien, and (viii) Liens on up to four aircraft owned or leased by any Company or any Subsidiary of any the Company.

(b) Any Lien existing on any property of a Subsidiary of the Company at the time it becomes a Subsidiary of the Company and not created in contemplation thereof and any Lien existing on any property of any Person at the time such Person is merged or liquidated into or consolidated with the Company or any Subsidiary thereof and not created in contemplation thereof.

(c) Mechanics', materialmen's, workmen's, warehousemen's, carrier's, landlord's or other similar Liens arising in the ordinary course of business securing amounts incurred 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.

(d) Liens arising by reason of pledges, deposits or other security to secure payment of workmen's compensation insurance or unemployment insurance, pension plans or systems and other types of social security, and good faith deposits or other security to secure tenders or leases of property or bids, in each case to secure obligations of the Company or any of its Subsidiaries under such insurance, tender, lease, bid or contract, as the case may be; provided, however, that the only Liens permitted by this PARAGRAPH (d) shall be

Liens incurred in the ordinary course of business that do not secure any Debt or accounts payable (other than accounts payable to the counterparties or obligees applicable to the foregoing).

(e) Liens on deposits or other security given to secure public or statutory obligations, or to secure or in lieu of surety bonds (other than 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 Company or any of its Subsidiaries arising in the ordinary course of business; provided, however, that the aggregate amount of obligations secured by Liens permitted by this PARAGRAPH (e) shall not exceed 10% of Consolidated Tangible Net Worth of the Company.

(f) 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 Company or any of its Subsidiaries of any business or the exercise by the Company or any of its Subsidiaries of any privilege or license, (ii) to enable the Company 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 Company or any of its Subsidiaries to share in the privileges or benefits required for companies participating in such arrangements.

(g) Liens incurred in the ordinary course of business upon rights-of-way securing obligations (other than Debt and trade payables) of the Company or any of its Subsidiaries.

(h) 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.

(i) 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.

(j) The Lien of taxes, customs duties or other governmental charges or assessments that are not at the time determined (or, if determined, are not at the time delinquent), or that are delinquent but the validity of which is being contested in good faith by the Company 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 Company or the relevant Subsidiary of any Company, as the case may be.

(k) The Lien reserved in (i) 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 or personal property leasehold estates or (ii) leases and sub-leases granted to others that do not materially interfere with the ordinary course of business of the Company and its Subsidiaries, taken as a whole.

(l) 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 Company and its Subsidiaries, taken as a whole.

(m) Easements, exceptions or reservations in any property of the Company or any of its Subsidiaries granted or reserved in the ordinary course of business for the purpose of pipelines, roads, equipment, 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, or in favor of governmental authorities or public utilities, in each case above which do not materially impair the use of such property for the purposes for which it is held by the Company or such Subsidiary.

(n) Rights reserved to or vested in any municipality or public authority to control or regulate any property of the Company 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 Company or such Subsidiary.

(o) Any obligations or duties, affecting the property of the Company or any of its Subsidiaries, to any municipality or public authority with respect to any franchise, grant, license or permit.

(p) The Liens of any judgments in an aggregate amount for the Company and all of its Subsidiaries (i) not in excess of $8,500,000, the execution of which has not been stayed and (ii) not in excess of $40,000,000, the execution of which has been stayed and which have been appealed and secured, if necessary, by a stay or appeal bond or other security of similar effect and stay or appeal bonds in respect of the judgments permitted in CLAUSE (ii).

(q) Zoning laws and ordinances.

(r) Liens existing on July 1, 2002, that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002 and listed on Annex A to this Schedule I as secured by such Liens.

(s) Liens existing on July 1, 2002 (i) that cover only immaterial assets and (ii) that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002.

(t) Liens reserved in customary oil, gas and/or mineral leases for bonus or rental payments and for compliance with the terms of such leases and Liens reserved in customary operating agreements, farm-out and farm-in agreements, exploration agreements, development agreements and other similar agreements for compliance with the terms of such agreements; provided that (i) such Liens do not secure Debt or accounts payable (other than obligations under such lease or agreement, as the case may be) and (ii) such leases and agreements are entered into in the ordinary course of business.

(u) Liens arising in the ordinary course of business out of all presently existing and future division and transfer orders, advance payment agreements, processing contracts, gas processing plant agreements, operating agreements, gas balancing or deferred production agreements, participation, joint venture, joint operating, pooling, unitization or communitization agreements, pipeline, gathering or transportation agreements, tariffs, platform agreements, drilling contracts, injection or repressuring agreements, cycling agreements, construction agreements, salt water or other disposal agreements, leases, sub-leases or rental agreements, royalty interests, overriding royalty interests, farm-out and farm-in agreements, exploration and development agreements, and any and all other contracts or agreements covering, arising out of, used or useful in connection with or pertaining to the exploration, development, operation, production, sale, use, purchase, exchange, storage, separation, dehydration, treatment, compression, gathering, transportation, processing, improvement, marketing, disposal or handling of any property of a Person (each such order, agreement or contract being a "Subject Document"), provided that and to the extent that (i) such Subject Documents are entered into the ordinary course of business and contain terms customary for such documents in the industry, (ii) such permitted Liens shall not include any security interests in accounts receivable or other receivables and do not secure Debt or accounts payable (other than accounts payable arising under the particular Subject Document

that creates the Lien), and (iii) such Subject Documents do not create nor do such Liens secure Financing Transactions.

(v) Liens arising by law under SECTION 9.343 of the Texas Uniform Commercial Code or similar statutes of states other than Texas.

(w) Liens arising pursuant to the L/C Collateral Documents which secure the obligations of the Company and its Subsidiaries under the Primary Credit Agreement and the L/C Agreement and certain public debt of the Company, including Liens securing Letters of Credit resulting from the Cash Collateralization thereof in accordance with SECTION 6.2 of the L/C Agreement.

(x) Liens (i) in existence prior to the date hereof in the nature of a right of offset or netting of cash amounts owed arising in the ordinary course of business (and Liens on the trading receivables owed by any trading counterparty and/or affiliate thereof to the Company or any affiliate thereof granted by the Company or any such affiliate thereof under agreements commonly in use in the industry of the Company or such affiliate, but solely to secure the offset or netting rights of such trading counterparty and/or affiliates thereof to the payment of such trading receivables arising from and to the extent of the trading obligations of the Company or any affiliate thereof to such trading counterparty or its affiliates), and (ii) Liens in the nature of a right of offset or netting of cash amounts owed arising in the ordinary course of business granted by EMT to any of EMT's trading counterparties and/or affiliates thereof solely to secure the obligations of EMT to such trading counterparty and/or affiliates thereof (and the offset or netting rights of such trading counterparty and/or affiliates thereof related thereto), including, with respect to EMT only, Liens for such purposes on the trading receivables of EMT arising from amounts owed by such trading counterparty and/or affiliates thereof to EMT; provided, however, that no such Liens granted by EMT shall in any way create rights of offset or netting or Liens against the Company or any Subject Subsidiary or their respective Assets.

(y) Any Lien not permitted by PARAGRAPHS (a) through (x) above or (z) through (ii) below securing Debt or Specified Escrow Arrangements of the Company or any of its Subsidiaries if at the time of, and after giving effect to, the creation or assumption of any such Lien, the aggregate (without duplication) of the principal or equivalent amount of all Debt of the Company and its Subsidiaries secured by all such Liens not so permitted by PARAGRAPHS (a) through (x) above or (z) through (II) below plus the amount of Attributable Obligations (other than those relating to Liens described in CLAUSE (a)(viii)) of the Company and its Subsidiaries in respect of Sale and Lease-Back Transactions permitted by SECTION 8.14 does not exceed $100,000,000.

(z) To the extent applicable, 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 Company is successor in interest; and the obligations of the Company 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.

(aa) Any option or other agreement to purchase any property of any Company or any Subsidiary the purchase, sale or other disposition of which is not prohibited by any other provision of this Agreement.

(bb) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds and products thereof.

(cc) Liens on the products and proceeds (including insurance, condemnation and eminent domain proceeds) of and accessions to, and contract or other rights (including rights under insurance policies and product warranties) derivative of or relating to, property permitted to be subject to Liens under this Agreement

but subject to the same restrictions and limitations herein set forth as to Liens on such property (including the requirement that such Liens on products, proceeds, accessions and rights secure only obligations that such property is permitted to secure).

(dd) Liens on the Property of a Project Finance Subsidiary or the Equity Interests in such Project Finance Subsidiary securing the Non-Recourse Debt of such Project Finance Subsidiary.

(ee) Liens on cash and short-term investments incurred in the ordinary course of business, consistent with past practice and not for the purpose of securing Debt (i) deposited by the Company or any of its Subsidiaries in margin accounts with or on behalf of futures contract brokers or other counterparties or (ii) pledged by the Company or any of its Subsidiaries, in the case of each of CLAUSES (i) and (II) above, to secure its obligations with respect to (x) contracts (including without limitation, physical delivery, option (whether cash or financial), exchange, swap and futures contracts) for the purchase or sale of any energy-related commodity or (y) interest rate or currency rate management contracts.

(ff) Liens securing Debt of Apco Argentina, Inc. and/or its Subsidiaries; provided that such Liens shall only apply to assets owned directly by Apco Argentina, Inc. and/or its Subsidiaries.

(gg) Liens securing the Barrett Loan.

(hh) Liens securing Permitted Refinancing Debt (as defined below) (and related obligations) covering the substantially the same collateral) securing (immediately prior to such refinancing) the Debt Refinanced (as defined below) by such Permitted Refinancing Debt; provided that: (i) the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of the Debt Refinanced (plus the amount of penalties, premiums (including required premiums and the amount of any premiums reasonably determined by any Company being in its best economic interest and as necessary to accomplish such Refinancing by means of a tender offer or privately negotiated repurchase), fees, accrued interest and reasonable expenses and other obligations incurred in connection therewith) at the time of refinancing; and (ii) such Debt is incurred either by the Company or by such Subsidiary that is the obligor of the Debt being Refinanced. "Permitted Refinancing Debt" means any Debt of the Company or any of its Subsidiaries issued to Refinance other Debt of the Company or any such Subsidiaries. "Refinance" means, in respect of any Debt to refinance, extend, renew, refund, repay, prepay, replace, acquire, redeem, defease or retire, or to issue other Debt in exchange or replacement, directly or indirectly for, such Debt in whole or in part.

(ii) Liens extending, renewing or replacing any of the foregoing Liens; provided that the principal amount of the Debt or other obligation secured by such Lien is not increased or the maturity thereof shortened and such Lien is not extended to cover any additional Debt, obligations or property, other than like obligations of no greater principal amount and the substitution of like property (or specific categories of property of the same grantor to the extent the terms of the Lien being extended, renewed or replaced, extended to or covered such categories of property) of no greater value.

(jj) Liens securing the obligations under that certain Master Agreement dated as of March 6, 2000 among The Williams Companies Inc, as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of The Williams Companies Inc., as Lessees, Atlantic Financial Group, Ltd., as Lessor, the Lenders party thereto, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent and KBC Bank, N.V., as Syndication Agent as amended, supplemented or otherwise modified.

(kk) Liens on cash deposits in the nature of a right of setoff, banker's lien, counterclaim or netting of cash amounts owed arising in the ordinary course of business on deposit accounts permitted pursuant to Section 5.01(k) of the Primary Credit Agreement.

(ll) Liens securing the Legacy L/Cs resulting from the cash collateralization thereof in accordance with SECTION 3.2(c) of this Agreement.

(mm) Liens occurring in, arising from, or associated with Specified Escrow Arrangements.

(nn) Liens granted in connection with (i) Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services Company, Inc., a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended, and related transaction documents and (ii) Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, The Williams Companies, Inc., a Delaware corporation, as Guarantor, Wells Fargo Bank Northwest, National Association, (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A., (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institution named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended and related transaction documents.

ANNEX A
TO SCHEDULE I

LIENS SECURITY EXISTING DEBT/OBLIGATIONS

Liens existing on July 1, 2002, that secure only Debt and other obligations incurred or committed and available for draw down on or prior to or outstanding on July 1, 2002 and listed on Annex A to Schedule I as secured by such Liens. See clause (r) on Schedule I. Inclusion of the items on this Annex shall not be deemed an admission or representation that such items are properly categorized as Debt or that they are secured.

1. Liens granted in connection with the Master Agreement dated as of March 6, 2000, among the Company, as Guarantor, Williams TravelCenters, Inc. and certain other Subsidiaries of the Company, as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent and KBC Bank, N.V., as Syndication Agent and the Lenders party thereto, as amended, and related transaction documents.

2. Liens granted in connection with the Joint Venture Sponsor Agreement dated as of December 28, 2000, among TWC, as Sponsor and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C. ("Investor"), Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended, and related transaction documents.

3. Liens granted in connection with the PPH Sponsor Agreement dated as of December 31, 2001, by TWC, as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC ("Investor"), and other Indemnified Persons listed in the agreement, as amended, and related transaction documents.

4. Liens granted in connection with the Parent Support Agreement dated as of December 23, 1998, made by TWC in favor of Castle Associates L.P. ("Castle") and Colchester LLC ("Investor") and the other Indemnified Persons and Guaranteed Parties listed therein, as amended, and related transaction documents.

5. Liens granted in connection with the Loan Agreement dated as of March 17, 1998 Pine Needle LNG Company, LLC among Pine Needle LNG Company, LLC and Central Commercial Lending Institutions as the Lenders and Bank of Montreal as the agent for the Lenders, and related transaction documents.

6. Liens granted in connection with the Finance Agreement among WilPro Energy Services (El Furrial) Limited, Overseas Private Investment Corporation dated as of January 31, 1999, and related transaction documents.

7. Liens granted in connection with the Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association and Bank of America (f/k/a NationsBank of Texas, N.A.), as amended, and related transaction documents.

8. Liens granted in connection with the Loan Agreement dated as of March 31, 1988 between Pan-Alberta Resources Inc. and Canadian Imperial Bank of Commerce, as amended, and related transaction documents.

9. Liens granted in connection with the Turbine Financing and Agency Agreement, dated as of April 16, 2002, among Union Bank of California, N.A., WEMT Equipment Statutory Trust 2002, Union Bank of California, N.A., as administrative agent, and Williams Energy Marketing & Trading Company, and related transaction documents.

10. Liens granted in connection with the Amended and Restated LLC Loan Agreement dated as of June 9, 2000 among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, and the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as the Borrower, certain financial institutions thereto, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

SCHEDULE II

MATERIAL CONTROVERSIES

None

SCHEDULE III

PROGENY FACILITIES

Parent Support Agreement dated as of December 23, 1998, made by The Williams Companies, Inc. in favor of Castle Associates L. P., Colchester LLC, and the other Indemnified Persons and Guaranteed Parties listed therein, as amended. Notwithstanding anything herein to the contrary, for purposes of SECTION 3.2(c) of this Agreement, the outstanding amount of this Progeny Facility shall equal the outstanding Unrecovered Capital (as defined in the Castle Partnership Agreement) of the Limited Partner (as defined in the Castle Partnership Agreement) plus accrued and undistributed First Priority Return (as defined in the Castle Partnership Agreement) to be distributed to the Limited Partner in accordance with Section 4.01(a) of the Castle Partnership Agreement plus all other amounts then due and payable to the Limited Partner.

First Amended and Restated Term Loan Agreement dated as of October 31, 2002, among The Williams Companies, Inc., as Borrower, and Credit Lyonnais New York Branch, as Administrative Agent, and the Lenders named therein, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002, among Williams Oil Gathering, L.L.C., a Delaware limited liability company, as Lessee, Williams Field Services - Company, a Delaware corporation, as Construction Agent, the Company, as Guarantor, Wells Fargo Bank Northwest, National Association (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A. (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended.

Second Amended and Restated Participation Agreement dated as of January 28, 2002 among Williams Field Services - Gulf Coast Company, L.P., a Delaware limited partnership, as Lessee, Williams Field Services Company, a Delaware corporation, as Construction Agent, the Company, as Guarantor, Wells Fargo Bank Northwest, National Association (formerly known as First Security Bank, National Association), as Certificate Trustee, Wells Fargo Bank Nevada, N.A. (successor by merger to First Security Trust Company of Nevada), as Collateral Agent, the financial institutions named therein as Certificate Holders, Hatteras Funding Corporation, a Delaware corporation, as CP Lender, the financial institutions named therein as the Facility Lenders and Purchasers, Bank of America, National Association, as Administrative Agent and Administrator for the CP Lender, Banc Of America Facilities Leasing, L.L.C., as Arranger, Bank of Nova Scotia, as Syndication Agent, and Credit Agricole Indosuez, as Documentation Agent, as amended by the Consent and First Amendment dated as of July 31, 2002 and the Consent and Second Amendment dated as of October 31, 2002.

Term Loan Agreement dated as of January 29, 1999, among The Williams Companies, Inc., as Borrower, and The Fuji Bank, Limited, as Administrative Agent, and the Banks named therein, as amended.

Joint Venture Sponsor Agreement dated as of December 28, 2000, among the Williams Company, Inc., as Sponsor, and Williams Field Services Company, in favor of Prairie Wolf Investors, L.L.C. Arctic Fox Assets, L.L.C., Williams Energy (Canada), Inc. and the other Indemnified Persons listed therein, as amended.

Letter of Credit and Reimbursement Agreement dated as of May 15, 1994, among Tulsa Parking Authority, The Williams Companies, Inc., Bank of Oklahoma, National Association, and Bank of America, N.A.

(formerly NationsBank of Texas, N.A.), relative to Tulsa Parking Authority First Mortgage Revenue Bonds, as amended.

Master Agreement dated as of March 6, 2000, among The Williams Companies, Inc., as Guarantor, Williams TravelCenters, Inc. and certain other subsidiaries of the Company, as Lessees, Atlantic Financial Group, Ltd., as Lessor, SunTrust Bank, as Agent, Societe Generale, Southwest Agency, as Documentation Agent, and KBC Bank, N.V., as Syndication Agent, and the Lenders party thereto, as amended.

PPH Sponsor Agreement dated as of December 31, 2001, by The Williams Companies, Inc., as Sponsor, in favor of Piceance Production Holdings LLC, Plowshare Investors LLC, and other Indemnified Persons listed in the agreement, as amended. Notwithstanding anything herein to the contrary, for purposes of SECTION 3.2(c) of this Agreement, the outstanding amount of this Progeny Facility shall equal the outstanding Contributed Capital of the Class B Preferred Member (each as defined in the PPH Company Agreement) plus the accrued and unpaid Class B Priority Return (as defined in the PPH Company Agreement) plus all other amounts then due and payable to the Class B Preferred Member.

Amended and Restated LLC Loan Agreement, dated as of June 9, 2000, among Millennium Energy Fund, L.L.C. and MEF Production Payment Trust, as amended, the Amended and Restated Notes Credit Agreement dated as of June 9, 2000 among MEF Production Payment Trust as Borrower, certain financial institutions, Credit Lyonnais as Syndication Agent, and Bank of Montreal, as Agent, and the Transaction Documents (as defined therein) related thereto.

Outstanding letters of credit as of July 31, 2002 (as set forth on Schedule III to the Primary Credit Agreement) to the extent they have not been fully cash collateralized.

All documents, instruments, agreements, certificates and notices at any time executed and/or delivered in connection with any of the foregoing.

SCHEDULE IV

ADDITIONAL PUBLIC FILINGS

1. Consolidated Amended Complaint, In Re Williams Securities Litigation, Case No. 02-CV-72-H(M) in the United States District Court for the Northern District of Oklahoma.

SCHEDULE V

PERMITTED DISPOSITIONS

1. Apco Argentina

   - Apco Argentina, Inc.

   - Apco Properties Ltd. (100%)

   - Petrolera Perez Companc S.A. (33.6% - Currently in process of purchasing an additional 5.5%)

2. Energy International

   - Energy International Corporation (owns "Gas to Liquids" technology).

3. Discovery

   - Williams Energy, L.L.C. owns a 50% interest in Discovery Producer Services LLC (unregulated) which in turn is the sole member of Discovery Gas Transmission LLC (regulated).

4. Southern Ute (Collateral)

   - Williams Field Services Company's interest in natural gas pipeline gathering systems totaling approximately 91 miles of pipeline in La Plata County, Colorado, together with all associated real property interests, shipper contracts, and governmental permits, licenses, orders, approvals, certificates of occupancy and other authorizations.

5. Dry Trail CO(2) Recovery Plant (Collateral)

   - Williams Field Services Company owns and operates a 50 MMcfd CO(2) recovery plant in Texas County, Oklahoma located on 26 acres near the town of Hough, Oklahoma to remove and recycle CO(2) at ExxonMobil's Postle field enhanced oil recovery project.

6. Aux Sable and Alliance Canada Marketing L.P.

   - Williams Alliance Canada Marketing Inc. has a 14.604% interest in Alliance Canada Marketing Ltd. which owns a 1% interest in and is the general partner of Alliance Canada Marketing L.P. (the "Alliance LP"). Williams Alliance Canada Marketing Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Alliance LP.

   - Williams Natural Gas Liquids Canada, Inc. has a 14.604% interest in Aux Sable Canada Ltd. which owns a 1% interest in and is the general partner of Aux Sable Canada LP (the "Canada LP"). Williams Natural Gas Liquids Canada, Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Canada LP.

   - Williams Natural Gas Liquids, Inc. has a 14.604% interest in Aux Sable Liquid Products Inc. which owns a 1% interest in and is the managing general partner of Aux Sable Liquid Products LP (the "Liquid LP"). Williams Natural Gas Liquids, Inc. also owns a 14.604% limited partnership interest in the remaining 99% of the Liquid LP.

7. Deepwater

   - Devil's Tower

     The Devil's Tower floating production facility currently under construction that will be located

on block 773 of Mississippi Canyon. The oil and gas export pipelines attached to the Devil's Tower Spar known as Canyon Chief and Mountaineer and associated pumps, compressors, platforms and other equipment.

- Gunnison

  The oil pipeline known as the Alpine Pipeline that begins at the Gunnison discovery and terminates at the platform located at GA 244.

- Canyon Station

  The Canyon Station fixed leg platform located at Main Pass block 261 which processes oil and gas production from deepwater wells located in Mississippi Canyon.

- Equity of the Deepwater JV.

- Collectively, the property referred to in this Item 8 shall be referred to as the "Deepwater Assets;" provided that, for clarification such assets are not subject to the Deepwater Transactions so long as such Deepwater Transactions are in full force and effect.

8. Gulf Liquids

   - Gulf Liquids New River Project, LLC and its assets and liabilities. Gulf Liquids New River Project LLC is 90% owned by Gulf Liquids Holdings, LLC, which is 100% owned by EM&T.

9. EM&T (Collateral)

   - Equity Interest in Williams Energy Marketing & Trading Company.

10. Worthington Generation, L.L.C. (Collateral)

    - Equity Interests and assets of Worthington Generation, L.L.C.

11 Williams Generation Company-Hazelton (Collateral)

   - Equity Interests and assets of Williams Generation Company-Hazelton.

12. Williams Energy (Canada), Inc. and its Subsidiaries

    - Equity Interests and assets of William Energy (Canada), Inc. and its Subsidiaries.

13. Those certain gathering and related assets owned by Goebel Gathering Company, L.L.C. and WFS Gathering Company, L.L.C. subject to purchase and sale agreements with Enbridge Pipelines (Texas Gathering) Inc. dated October 10, 2001 for a purchase price of approximately $9,000,000. (Collateral)

14. Property received from any sale, transfer or other disposition of Collateral made pursuant to SECTION 8.16. (Collateral)

15. Mapco Office Building (Collateral)

16. For the avoidance of doubt, the disposition or redemption of the Class B Units in MLP shall not be a Permitted Disposition.

17. Interests in joint development arrangements existing on July 31, 2002 by Williams Energy Marketing & Trading Company, which are transferred as a result of Williams Energy Marketing & Trading Company's decision not to continue funding.

Schedule V

SCHEDULE 2.1

LENDERS AND BORROWINGS

NAME AND ADDRESS OF LENDERS	OUTSTANDING BORROWINGS	PERCENTAGE OF TOTAL
Credit Lyonnais New York Branch 1301 Avenue of the Americas New York, New York 10019	$ 36,314,900	10.000%
Commerzbank AG New York and Grand Cayman Branches 1230 Peachtree Street, Northeast, Suite 3500 Atlanta, Georgia 30309	$ 27,236,175	7.500%
The Bank of Nova Scotia 600 Peachtree Street, Northeast, Suite 2700' Atlanta, Georgia 30308	$ 18,157,450	5.000%
Bayerische Hypo-Und Vereinsbank AG, New York Branch 150 East 42nd Street, 29th Floor New York New York 10048	$ 40,854,262	11.250%
Mizuho Corporate Bank, Ltd. 1221 McKinney Street, Suite 4100 Houston, Texas 77010	$ 45,393,625	12.500%
KBC Bank N.V. 245 Peachtree Center Avenue, Suite 2550 Atlanta, Georgia 30303	$ 18,157,450	5.000%
The Royal Bank of Scotland, plc Wall Street Plaza 88 Pine Street, 26th Floor New York, New York 20005-1801	$ 27,236,175	7.500%
BNP Paribas 1200 Smith Street, Suite 3100 Houston, Texas 77002	$ 18,157,450	5.000%
Hau Nan Commercial Bank, Ltd. Two World Trade Center, Suite 2846 New York, New York 10048	$ 18,157,450	5.000%
Landesbank Rhenland-Pfalz, Girozentrale Grosse Bleiche 54-56 Mainz, Germany 55092	$ 9,078,725	2.500%

NAME AND ADDRESS OF LENDERS	OUTSTANDING BORROWINGS	PERCENTAGE OF TOTAL
Abu Dhabi International Bank Inc. 1020 19th Street, Northwest, Suite 500 Washington, DC 20036	$ 9,078,725	2.500%
Chang Hwa Commercial Bank, Ltd. New York Branch One World Trade Center, Suite 3211 New York, New York 10048	$ 9,078,725	2.500%
Land Bank of Taiwan, Los Angeles Branch 811 Wilshire Boulevard, Suite 1900 Los Angeles, California 90017	$ 9,078,725	2.500%
Gulf International Bank 380 Madison Avenue, 21st Floor New York, New York 10017	$ 9,078,725	2.500%
Local Oklahoma Bank, N.A. 2250 East 73rd Street, Suite 200 Tulsa, Oklahoma 74136	$ 9,078,725	2.500%
Landesbank Schleswig-Holstein Girozentrale Martensdamm 6 Kiel, Germany 24103	$ 9,078,725	2.500%
National Bank of Kuwait, S.A.K., Grand Cayman Branch 299 Park Avenue, 17th Floor New York, New York 10171	$ 9,078,725	2.500%
Sumitomo Mitsui Banking Corporation 277 Park Avenue, 6th Floor New York, New York 10172	$ 9,078,725	2.500%
UFJ Bank Limited 55 East 52nd Street New York, New York 10055	$ 9,078,725	2.500%
First Commercial Bank-New York Agency 76 Madison Avenue, 12th Floor New York, New York 10016	$ 9,078,725	2.500%
Bank Polska Kasa Opieki S.A. 470 Park Avenue South 32nd Street, 15th Floor New York, New York 10016	$ 4,539,363	1.250%

NAME AND ADDRESS OF LENDERS	OUTSTANDING BORROWINGS	PERCENTAGE OF TOTAL
Landesbank Saar Girozentrale Ulsulenan Strasse Saabrucken, Germany 266111	$ 4,539,363	1.250%
Salomon Brothers Holding Company, Inc. 333 West 34th Street, 8th Floor New York, New York 10001	$ 4,539,363	1.250%
Totals	$363,149,000	100.000%

Schedule 2.1

SCHEDULE 6.1

CONDITIONS PRECEDENT TO CLOSING

The Agreement shall not become effective unless Administrative Agent has received all of the following (unless otherwise indicated, all documents shall be dated as of October 31, 2002 and all terms used with their initial letters capitalized are used herein with their meanings as defined in the Agreement):

1. The Agreement. The Agreement (together with all Schedules and Exhibits thereto) executed by the Company, the Guarantors, the Determining Lenders, and Administrative Agent.

2. Amended Guaranties. An amended and restated Holdings Guaranty and a First Amendment to the LLC Guaranty, in form and substance satisfactory to the Administrative Agent and the Determining Lenders.

3. Certificate of Incorporation; Articles of Organization. A copy of the Certificate of Incorporation of the Company and the Articles of Organization of each Guarantor, accompanied by certificates that such copies are correct and complete, one dated a Current Date (as used herein, the term "CURRENT DATE" means any date not more than thirty (30) days prior to the Closing Date) issued by the Secretary of State of the state in which such Business Entity is organized, and one dated the Closing Date executed by its Secretary or Assistant Secretary.

4. Bylaws; Operating Agreement. A copy of the Bylaws of the Company and all amendments thereto, accompanied by a certificate that such copy is correct and complete, dated the Closing Date and executed by the Secretary or Assistant Secretary of the Company, and a copy of the Operating Agreement (or similar formation document) of each Guarantor and all amendments thereto, accompanied by a certificate that such copy is correct and complete, dated the Closing Date and executed by the Secretary or Assistant Secretary of such Guarantor.

5. Good Standing and Authority. Certificates of the Delaware Secretary of State and the Oklahoma Secretary of State, dated a Current Date, to the effect that the Company and the Guarantors are in good standing with respect to the payment of franchise and similar Taxes (to the extent such information is available) and is duly qualified to transact business in such jurisdiction.

6. Incumbency. Certificates of incumbency dated as of the Closing Date with respect to all officers and "authorized representatives" of the Company and the Guarantors who will be authorized to execute or attest any of the Loan Papers on behalf of the Company or such Guarantor, executed by the Secretary or an Assistant Secretary of the Company or such Guarantor, as applicable.

7. Resolutions. Copies of resolutions duly adopted by the Board of Directors of the Company and the Guarantors approving this Agreement and the other Loan Papers and authorizing the transactions contemplated in such Loan Papers, accompanied by a certificate of the Secretary or an Assistant Secretary of the Company or such Guarantor, as applicable dated as of the Closing Date certifying that such copy is a true and correct copy of resolutions duly adopted at a meeting of (which may be held by conference telephone or similar communications equipment by means of which all Persons participating in a meeting can hear each other if permitted by applicable Law and, if required by such Law, by its Bylaws), or by the unanimous written consent of (if permitted by applicable Law and, if required by such Law, by its Bylaws), the Board of Directors of the Company or such Guarantor, as applicable, and that such resolutions constitute all the resolutions adopted with respect to such transactions, have not been amended, modified, or revoked in any respect (except

as any such resolution may be modified by any such other resolution), and are in full force and effect as of the Closing Date.

8. A certificate of an officer of the Company, dated as of the date of this Agreement (the statements made in each such certificate shall be true on and as of such date), certifying as to (i) the truth, in all material respects, of the representations and warranties contained in this Agreement and the Loan Papers as though made on and as of the date of this Agreement other than any such representations or warranties that, by their terms, refer to a specific date other than such date, in which case as of such specific date and (ii) the absence of any event (x) occurring and continuing after giving effect to this Agreement, the Barrett Loan Agreement and the agreements described in item (11) below and the consummation of the transactions contemplated thereby, or (y) resulting from the execution and delivery of this Agreement and the other Loan Papers and the performance of the Company of its obligations hereunder or under any other Loan Paper, that constitutes a Default.

9. Opinions of Counsel to the Company. (i) The opinion of the General Counsel to the Company and the Guarantors, addressed to Administrative Agent, Syndication Agent, Documentation Agent, and Lenders, substantially in the form of EXHIBIT D-1, and (ii) the opinion of New York counsel to the Company and the Guarantors, substantially in the form of EXHIBIT D-2, each dated the Closing Date and in form and substance satisfactory to the Administrative Agent.

10. Payment of Closing Fees and Expenses. Payment of all fees payable on or prior to the Closing Date to Administrative Agent and the Lenders as provided for in SECTION 5 of the Agreement, together with reimbursements to Administrative Agent for all reasonable fees and expenses incurred in connection with the negotiation, preparation, and closing of the transactions evidenced by the Loan Papers (including, without limitation, reasonable attorneys' fees and expenses).

11. A duly executed and fully effective (i) amendment and restatement of the L/C Agreement, (ii) amendment and restatement of the Primary Credit Agreement, and (iii) amendment of each of the Progeny Facility documents, other than this Agreement and those automatically amended by virtue of the amendment and restatement of the Primary Credit Agreement, each dated the date of this Agreement and in form and substance satisfactory to the Administrative Agent.

EXHIBIT 10.11
EXECUTION COPY

SETTLEMENT AND RETENTION AGREEMENT

THIS SETTLEMENT AND RETENTION AGREEMENT ("Agreement") is entered into this 7th day of August, 2002, by and between THE WILLIAMS COMPANIES, INC., a Delaware Corporation ("Company"), and William G. von Glahn ("Executive");

WHEREAS, Executive has expressed an interest in retiring immediately due to health considerations;

WHEREAS, the Company has determined that it is critical to retain the services of Executive as an employee until January 2, 2003 ("Separation Date") in order to have sufficient time to appoint Executive's successor and to permit the orderly transition of projects from Executive to such successor;

WHEREAS, the Company has also determined that the continued availability of Executive after his retirement is also needed in order to provide such orderly transition;

WHEREAS, Executive is willing to delay his retirement to the Separation Date and to provide consulting services after his retirement in accordance with the provisions of this Agreement and the Consulting Agreement, a copy of which is attached hereto as Exhibit "A";

WHEREAS, Executive has requested, effective on his Separation Date, a distribution of his entire interest in the Williams Companies Supplemental Retirement Plan ("SERP") to be applied as an offset to his stock option loan in accordance with this Agreement and Executive understands that he will not receive any further consideration, benefits or payments under the SERP; and

WHEREAS, Executive further understands that his voluntary retirement on the Separation Date pursuant to this Agreement, will prevent him from receiving his Company deferred stock awards that would otherwise vest on or after January 2, 2003, unless such awards should vest, in accordance with their respective terms, during his employment for reasons such as the Executive's death; and

NOW, THEREFORE, in consideration of their mutual promises made herein and for other good and valuable consideration, and intending to be legally bound, the Company and Executive hereby agree as follows:

1. Executive Services. Executive agrees to continue to perform his services as General Counsel until January 2, 2003 or such earlier time as may be determined by the Company in its sole and absolute discretion. It is expressly recognized by the parties hereto that Executive will continue to be employed by the Company as an "at will" employee and that the Company may terminate his services at any time with or without any reason. During his employment, Executive shall receive his current salary and except as otherwise provided in this Agreement, he shall be entitled to continue to participate in those employee benefit programs currently made available to him, unless such employee benefit programs are amended or terminated in accordance with their respective terms. The termination of Executive's employment prior to January 2, 2003 shall not in any way relieve Executive of any of his obligations hereunder including, but not limited to, his duty to provide consulting services and to provide a written release to the Company in accordance with the terms hereof.

2. Company Payments. On, or within ten (10) days of the date on which the Release Agreement set forth in Exhibit "B" becomes effective in accordance with its terms, the Company shall, in consideration of Executive's covenants and obligations hereunder:

(i) Grant Executive's request to receive and apply his entire benefit with respect to the SERP, having a total value of Two Million, One Hundred Ninety-three Thousand, One Hundred and Thirty-two Dollars ($2,193,132.00), less all amounts required to be withheld under applicable federal and state tax laws, as an offset to his stock option loan;

(ii) Pay Executive the sum of Three Hundred Thousand Dollars ($300,000.00), less all amounts required to be withheld under applicable federal and state tax laws, as a retention payment, provided the Company shall be entitled to apply the net amount due (after applicable tax withholdings) as a loan offset;

(iii) Pay Executive, in connection with his retirement on the Separation Date pursuant to this Agreement, the sum of Five Hundred and Seventy-one Thousand Dollars ($571,000.00), less all amounts required to be withheld under applicable federal and state tax laws, as a severance payment in lieu of any and all severance payments, that may be owed to the Executive, provided the Company shall be entitled to apply

the net amount due (after applicable tax withholdings) as a loan offset; and

(iv) Pay Executive the sum of Two Hundred Fifty Thousand Dollars ($250,000.00), less all amounts required to be withheld under applicable federal and state tax laws, for agreeing to not compete, executing the Consulting Agreement set forth on Exhibit "A", and agreeing not to solicit employees, provided the Company shall be entitled to apply the net amount due (after applicable tax withholdings) as a loan offset.

Unless Executive has repaid his stock option loan, the Company shall not be required to deliver any funds to Executive in order to satisfy its obligations under this Paragraph 2. The Company's obligation with respect to such payments shall be limited to: (i) withholding and remitting to the appropriate governmental agency the minimum withholding amounts required under applicable federal and state laws and regulations and (ii) applying the remaining amount of such payments as an offset to repay the Executive's stock option loan until such loan is discharged in full with the balance of the payments, if any, being remitted to Executive. If the payments hereunder are not sufficient to repay such loan, Executive shall repay the remaining indebtedness of such loan within thirty (30) days after Executive's termination of employment, and, upon such payment, Company shall release the existing collateral for the loan.

3. SERP. The Executive hereby acknowledges and agrees that his SERP benefit is being paid to him at his request and that he will not be entitled to any further payments under the SERP. Executive hereby releases and forever discharges the SERP, the Company, its subsidiaries and affiliates (the "Williams Group") from any and all liabilities in connection with the SERP, including, but not limited to, any liability to provide any further payments to Executive. In addition, Executive hereby voluntarily waives any right which he may otherwise have to participate in the SERP and acknowledges and agrees that his release and waiver under this Paragraph 3 is part of the consideration for the agreement of the Company to permit his SERP benefit to be used as an offset to his loan obligation.

4. Severance. Due to the retention and severance payment being made hereunder, Executive also hereby voluntarily waives any right which he may have to receive severance payments (other than the payments provided hereunder) of any nature whatsoever from the Company, including but not limited to, the severance payments that are provided under any severance plans, practices, programs or agreements maintained by or contributed to by the Williams Group, including, but not limited to, any change-in-control severance plan or agreement.

5. Forfeiture of Deferred Stock Awards. Since the Executive's employment will cease on the Separation Date due to his voluntary retirement on January 2,

2003, Executive further acknowledges and agrees that all of his existing deferred stock awards that are scheduled to vest on or after January 2, 2003 will be forfeited unless such awards vest before that date pursuant to their existing terms.

6. Consulting. Executive and Company agree that Executive, upon the termination of his employment, will provide consulting services to the Company in accordance with the terms of the Consulting Agreement attached hereto as Exhibit "A".

7. Execution of Release. Executive agrees to execute no earlier than January 3, 2003, the Release Agreement attached hereto as Exhibit "B", provided that the Release shall in no way impair Executive's rights to indemnity from the Williams Group, including, but not limited to, his rights to indemnification under any certificate of incorporation, any by-laws, any corporate resolutions, any employee benefit plans, any insurance policies or any other instrument or agreement to which a member of the Williams Group is bound. Executive further understands that the execution of such Release is a material part of the consideration for the Company payments under Paragraph 2 hereof.

8. EICP Bonus. Executive may receive a bonus under the Executive Incentive Compensation Program for the 2002 calendar year. Such bonus, if any, will be determined by the Compensation Committee and will be based on a target opportunity of sixty-five percent (65%) of base pay, actual Company financial performance and, as determined by the Compensation Committee, stock performance and personal performance. The bonus, if any, will be paid, less all amounts required to be withheld under applicable federal and state tax laws, in a lump sum at the same time payment is made to other participants,

provided the Company shall be entitled to apply the net amount due (after applicable tax withholdings) as a loan offset.

9. Insurance and Indemnification. To the extent permitted by law and as provided in its Certificate of Incorporation and By-Laws, the Company shall use its best efforts to maintain directors and officers insurance providing coverage to Executive for, and shall indemnify and hold harmless Executive from, all claims made against him to the extent they relate to, or arise out of, his employment at the Company as a director, officer or employee.

10. Benefits. Except as otherwise provided in Paragraphs 3, 4 and 5 hereof, nothing contained herein shall be construed to abrogate Executive's rights under any employee benefit or incentive compensation plan. Executive's rights under any such employee benefit or incentive compensation plan shall be governed by the terms of such plan.

11. Confidentiality. Executive covenants and agrees that, during and for six (6) years after termination of Executive's employment with Company, Executive shall not, unless required by applicable law, divulge, furnish, disclose or make accessible to any person, entity or governmental authority any knowledge or information, techniques, processes, trade secrets, customer information or lists, plans, devices or material with respect to any secret, confidential or sensitive research or development work, promotions, ideas, opportunities, business plans, designs, products or production methods of the Williams Group or with respect to any other secret, confidential or sensitive aspect of the business of the Williams Group, except as may be necessary in the

furtherance and conduct of the business of the Williams Group. It is acknowledged that the Williams Group would be irreparably harmed if Executive should breach the provisions of this Paragraph 11. Accordingly, the Company is granted the right of specific performance to enforce the provisions of this Paragraph 11. The Executive also acknowledges that this Paragraph 11 is a material term of this Agreement and that its breach could result in damage to the Williams Group that may be difficult to ascertain and that upon any such breach or in reasonable anticipation of any such breach, the Company will be entitled to an order of any court of competent jurisdiction to enjoin such breach.

12. Exclusive Service. Executive shall devote his full business time and attention and his best efforts to the performance of his duties hereunder.

13. Derogatory Remarks. The Executive will not make public derogatory comments regarding the Williams Group at any time before or after his termination of employment.

14. Files and Records. Promptly upon termination of his employment, the Executive will return to the Company all property and all files and other documentation belonging to or relating or in any way pertaining to the Williams Group or the business or operations of the Williams Group, except as may be required by the Executive in the bona fide enforcement of this Agreement.

15. Cooperation in Litigation. To the extent reasonably necessary and upon reasonable notice, following his termination of employment, the Executive will cooperate with the Williams Group in connection with the prosecution or defense of any claim asserted by or against any of them (excluding a claim in

connection with the enforcement of this Agreement) with respect to which the Executive may have any knowledge.

16. General Provisions.

(a) Binding Agreement: This Agreement will be binding upon, and inure to the benefit of, Executive and the Company and their respective permitted successors and permitted assigns.

(b) Amendment of Agreement: This Agreement may not be modified or amended except by an instrument in writing signed by both Executive and a duly authorized representative of Company.

(c) Waiver: No term or condition of this Agreement will be deemed to have been waived, nor will there by any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver will be deemed a continuing waiver unless specifically stated therein, and each such waiver will operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

(d) Headings: The heading of paragraphs or subparagraphs herein are included solely for convenience or reference and will not control the meaning or interpretation of any of the provisions of this Agreement.

(e) Notices: Any and all notices required to be sent pursuant to the terms of this Agreement will be sent by registered or certified mail or be personally delivered to the parties hereto at the following addresses or

such other addresses as they may designate:

Executive:
William G. von Glahn
2767 S. Utica
Tulsa, OK 74114

Company:

The Williams Companies, Inc.
Attn: Senior Vice President, Human Resources
One William Center
P. O. Box 2400
Tulsa, Oklahoma 74102

(f) Governing Law: All the terms and provisions of this Agreement and their validity, interpretation, performance and enforcement will be governed by the laws of the State of Oklahoma.

(g) Agreement Binding: Except as otherwise expressly provided herein, the obligations of Executive under this Agreement will continue after the termination of Executive's employment with the Company for any reason, and will be binding on Executive's heirs, executors, legal representatives and permitted assigns and will inure to the benefit of the Company and any successors and assigns of the Company.

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

THE WILLIAMS COMPANIES, INC.

By: /s/ Michael P. Johnson

Title: Senior Vice President

Witness:
/s/ Marcia M. MacLeod

/s/ William G. von Glahn

William G. von Glahn

EXHIBIT "A"

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is entered into this 7th day of August, 2002, by and between THE WILLIAMS COMPANIES, INC. a Delaware Corporation, ("Williams") and William G. von Glahn ("Consultant").

WHEREAS, Williams wishes to avail itself of Consultant's knowledge, expertise and experience by hiring Consultant as a consultant;

WHEREAS, Consultant is willing to serve as a consultant to Williams upon the terms and conditions set forth below;

NOW, THEREFORE, in consideration of their mutual promises and for other good and valuable consideration, Williams and Consultant hereby agree as follows:

1. Consulting Services.

(a) During the period beginning on the date on which Consultant ceases to be employed by Williams and continuing until December 31, 2005 (the "Consulting Period"), Consultant shall provide to Williams, its subsidiaries and affiliates (the "Williams Group"), consulting services commensurate with his status and experience with respect to such matters as shall be reasonably requested from time to time by the General Counsel of Williams (the "Williams Representative"), provided that Consultant shall not be required to provide such services during any period when he is unable to perform due to his health. Consultant shall provide consulting services to the Williams Group only as needed and when reasonably requested by the Williams Representative, provided that, without his prior consent, Consultant shall not be required to

devote more than one hundred twenty (120) hours in any calendar month to the performance of any consulting services hereunder. The Consultant shall determine the time and location at which he shall perform such services, subject to the right of the Williams Representative to reasonably request by advance written notice that such services be performed at a specific time and at a specific location. The Consultant shall honor any such request unless he is unable to perform due to his health, or he has a conflicting business commitment that would preclude him from performing such services at the time and/or place requested by the Williams Representative, and in such circumstances, shall make reasonable efforts to arrange a mutually satisfactory alternative. Williams shall use its reasonable best efforts not to require the performance of consulting services in any manner that unreasonably interferes with any other business activity of Consultant.

(b) Consultant shall not, solely by virtue of the consulting services provided hereunder, be considered to be an officer or employee of any member of the Williams Group during the Consulting Period, and shall not have the power or authority to contract in the name of or bind any member of the Williams Group. Consultant shall at all times be treated as an independent contractor and shall be responsible for the payment of all taxes with respect to all amounts paid to him hereunder. Consultant shall not, by reason of the services performed hereunder, be entitled to participate in any employee benefits plan, program or arrangement made available to any employee of the Williams Group.

(c) This Agreement is personal to the Consultant and all of the services required of the Consultant hereunder shall be performed personally by him.

2. Consulting Fees. In respect of the services to be performed hereunder, Williams shall pay Consultant Three Hundred Fifty Dollars ($350.00) for each hour of consulting service, within ten (10) business days following submission by Consultant of an itemized report indicating the hours of service performed and fully describing the services rendered. Williams shall also reimburse Consultant for such reasonable travel, lodging and other appropriate expenses incurred by Consultant in the course or on account of rendering consulting services hereunder, subject to the submission by the Consultant of evidence of such expenses in a form reasonably satisfactory to Williams.

3. Confidential Information. The Consultant shall not, at any time during the Consulting Period, make use of or disclose, directly or indirectly, any (i) trade secret or other confidential or secret information of the Williams Group or (ii) other technical, business, proprietary or financial information of the Williams Group not available to the public generally or to the competitors of the Williams Group ("Confidential Information"), except to the extent that such Confidential Information (a) becomes a matter of public record or is published in a newspaper, magazine or other periodical available to the general public, other than as a result of any act or omission of the Consultant, (b) is required to be disclosed by any law, regulation or order of any court or regulatory commission, department or agency, provided that the Consultant gives prompt notice of such requirement to Williams to enable Williams to seek an appropriate protective order, or (c) is necessary to perform properly the Consultant's duties under this Agreement.

Promptly following the termination of the Consulting Period, the Consultant shall surrender to Williams all records, memoranda, notes, plans, reports, computer tapes and software and other documents and data which constitute Confidential Information which he may then possess or have under his control (together with all copies thereof).

4. Noncompetition; Nonsolicitation.

(a) The Consultant acknowledges that during the Consulting Period he will become familiar with trade secrets and other confidential information concerning the Williams Group and that his services will be of special, unique and extraordinary value to the Williams Group.

(b) The Consultant agrees that during the Consulting Period he shall not in any manner, directly or indirectly, through any person, firm or corporation, alone or as a member of a partnership or as an officer, director, stockholder, investor or employee of or consultant to any other corporation or enterprise or otherwise, engage or be engaged, or assist any other person, firm corporation or enterprise in engaging or being engaged, in any business, in which the Consultant was involved or had knowledge, being conducted by, or contemplated by, the Williams Group during the Consulting Period, in any geographic area in which the Williams Group is then conducting such business.

(c) The Consultant further agrees that during the Consulting Period he shall not in any manner, directly or indirectly, induce or attempt to induce any employee of Williams Group to terminate or abandon him or his employment for any purpose whatsoever.

(d) Nothing in this Paragraph 4 shall prohibit the Consultant from being (i) a stockholder in a mutual fund or a diversified investment company or (ii) a passive owner of not more than two percent (2%) of the outstanding stock of any class of a corporation, any securities of which are publicly traded, so long as the Consultant has no active participation in the business of such corporation.

(e) If, at any time of enforcement of this Paragraph 4, a court or an arbitrator holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court or arbitrator shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law. This Agreement shall not authorize a court or arbitrator to increase or broaden any of the restrictions in this Paragraph.

5. Hold Harmless. Consultant shall hold harmless Williams, its subsidiaries and affiliates, and its and their respective shareholders, officers, directors, employees and attorneys against any damage, injury, death, claim, loss, charge or expense (including, without limitation, attorneys' fees and court costs and the costs of investigation) of any party, including Consultant, arising out of or relating to, or claimed to arise out of or relate to, Consultant's performance of this Agreement.

6. Termination of the Consulting Services. Williams may terminate this Agreement solely for Cause, which shall be limited to either (i) the conviction of the Consultant of a felony which has a substantial effect on the business or reputation of the business or reputation of the Williams Group or (ii) the continual and repeated failure of

the Consultant to perform the services required of him hereunder, after written notice of the alleged failures and an opportunity to cure has been given. The Consultant may only terminate this Agreement due to a material breach hereof by Williams.

7. Termination of Benefits. Nothing in this Agreement shall be construed to limit, reduce, offset or otherwise impair Consultant's rights to any benefits or compensation vested or accrued under the terms of the employee benefit plans, programs or arrangements maintained by Williams, other than those benefits which were released or waived by Consultant pursuant to the Settlement and Retention Agreement dated August 7, 2002.

8. Enforcement. The parties hereto agree that the Williams Group would be damaged irreparably in the event that any provision of Paragraph 3 or 4 of this Agreement were not performed in accordance with its terms or were otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Accordingly, Williams and its successors and permitted assigns shall be entitled, in addition to other rights and remedies existing in their favor, to an injunction or injunctions to prevent any breach or threatened breach of any of such provisions and to enforce such provisions specifically (without posting a bond or other security). The Consultant agrees that he will submit himself to the personal jurisdiction of the courts of the State of Oklahoma in any action by Williams to enforce an arbitration award against him or to obtain interim injunctive or other relief pending an arbitration decision.

9. Disputes. Any controversy or claim arising out of or relating to this Agreement, or any breach thereof, shall be settled by arbitration in accordance with the

rules of the American Arbitration Association then in effect in the State of Oklahoma, and judgment upon such award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall be held in Tulsa, Oklahoma, each party to bear its own costs. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction. However, either party may, without inconsistency with this arbitration provision, apply to any court having jurisdiction over such dispute or controversy and seek interim provisional, injunctive or other equitable relief until the arbitration award is rendered or the controversy is otherwise resolved. Williams and the Consultant acknowledge that this Agreement evidences a transaction involving interstate commerce.

10. Williams Policies. The Consultant will comply with and abide by Williams' policies on alcohol and drug abuse and no smoking, each of which is attached hereto as an exhibit hereto and incorporated herein by reference.

11. Miscellaneous. This Agreement may only be amended by a written instrument signed by Williams and Consultant. Except as otherwise expressly provided hereunder, this Agreement shall constitute the entire agreement between Williams and Consultant with respect to the subject matter hereof. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when (i) delivered personally or by overnight courier to the following address of the other party hereto (or such other

address for such party as shall be specified by notice given pursuant to this Paragraph) or (ii) sent by facsimile to the following facsimile number of the other party hereto (or such other facsimile number for such party as shall be specified by notice given pursuant to this address of such party pursuant to this Paragraph:

If to Williams, to:
The Williams Companies, Inc.
Attn: Senior Vice President, Human Resources
One William Center
P. O. Box 2400
Tulsa, Oklahoma 74102

If to the Consultant, to:
William G. von Glahn
2767 S. Utica
Tulsa, Oklahoma 74114

13. Successor and Assigns. This Agreement shall be enforceable by the Consultant and his heirs, executors, administrators and legal representatives, and by Williams and its successors and assigns.

14. Survival. Paragraphs 3, 4 and 9 of this Agreement shall survive and continue in full force and effect in accordance with their respective terms, notwithstanding any termination of the Consulting Period.

15. Governing Law. This Agreement shall be governed by the laws of the State of Oklahoma, without reference to the principles of conflicts of law.

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

THE WILLIAMS COMPANIES, INC.

By: /s/ Michael P. Johnson

Title: Senior Vice President

Witness: /s/ Marcia M. MacLeod

/s/ William G. von Glahn

William G. von Glahn

EXHIBIT "B"

RELEASE

THIS RELEASE (this "Agreement") is entered into this ____ day of January, 2003, by and between The Williams Companies, Inc. ("Williams") and William G. von Glahn ("Mr. von Glahn") and is effective seven days after the execution hereof by Mr. von Glahn (hereinafter the "Effective Date").

WHEREAS, the parties entered into a Settlement and Retention Agreement dated August 7, 2002 ("Settlement and Retention Agreement"); and

WHEREAS, such Settlement and Retention Agreement provided for the execution of this Agreement on or after January 3, 2003.

NOW, THEREFORE, in consideration of the mutual promises made herein, and for other good and valuable consideration, the parties hereby agree as follows:

COVENANTS AND OBLIGATIONS OF WILLIAMS

1. Williams Payments and Obligations. Williams shall pay to Mr. von Glahn the payments required under Paragraph 2 of the Settlement and Retention Agreement and apply such payments in accordance with such agreement. The Company will also perform its obligations under the Settlement and Retention Agreement.

COVENANTS AND OBLIGATIONS OF MR. VON GLAHN

1. Release. Except for the obligations specifically set forth in this Agreement and the Settlement and Retention Agreement, including Paragraphs 7 and 9 thereof, Mr. von Glahn for himself, his attorneys, and his heirs, executors, administrators, successors and assigns, does hereby fully, finally and forever release and discharge Williams and its subsidiaries, affiliates, predecessors, successors and assigns and their respective officers, directors, employees, representatives, agents and fiduciaries, de facto or de jure ("Released Parties") of and from any and all charges, claims, actions (in law or in equity), suits, demands, losses, expenses, damages, debts, liabilities, obligations, disputes, proceedings, or any other manner of liability (known or unknown) including without limitation those arising from, in whole or in part, the employment relationship between Williams and Mr. von Glahn or the termination thereof which exist, or have heretofore accrued, fixed or contingent, known or unknown, including without limitation any claims arising under 42 U.S.C. Section 1981, 42 U.S.C. Section 1983, 42 U.S.C. Section 1985, 42 U.S.C. Section 1986, the Equal Pay Act, 29 U.S.C. Section 206(d), the National Labor Relations Act, as amended, 29 U.S.C. Section 160, et seq., the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq.,

the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), 29 U.S.C. Section 1001, et seq., the Age Discrimination in Employment Act, 29 U.S.C.Section 621, et seq., Title VII of the Civil Rights Act of 1964 as amended by the Civil Rights Act of 1991, 42 U.S.C. Section 2000e, et seq., the Family and Medical Leave Act, 29 U.S.C.Section 2601 et seq., and claims of wrongful discharge, defamation, infliction of emotional distress, termination in violation of public policy, retaliatory discharge, including those based on workers' compensation retaliation under state statutes, discrimination on the basis of handicap, or claims related to employee benefits or arising under any federal or state statute or common law.

2. Mr. von Glahn's Covenants. By signing this Agreement, Mr. von Glahn covenants, agrees, represents and warrants that:

(a) He has not filed and will not in the future file any lawsuits, complaints, petitions or accusatory pleadings against any of the Released Parties in any court based upon, arising out of or in any way related to any event or events occurring prior to the signing of this Agreement, including, without limitation, his employment with any of the Released Parties or the termination thereof;

(b) This Agreement specifically includes, without limitation, all claims asserted by or on behalf of Mr. von Glahn against any of the Released Parties, together with all claims which might have been asserted by or on behalf of Mr. von Glahn in any suit, claim (known or unknown), charge or grievance against any of the Released Parties for or on account of any matter or things whatsoever up to and including the effective date of this Agreement; and

(c) Mr. von Glahn waives all rights to recovery for any damages or compensation awarded as a result of any suit or proceeding by any third party or governmental agency on Mr. von Glahn's behalf related to claims released in Section 1 herein.

3. No Admission of Liability. Notwithstanding the provisions of this Agreement and the payments to be made by Williams to Mr. von Glahn hereunder, Williams does not admit any manner of liability to Mr. von Glahn but has entered into this Agreement as a means of settling any and all disputes between Williams and Mr. von Glahn.

4. Independent Advice. Mr. von Glahn has been encouraged to seek independent legal and tax advice concerning the provisions of this Agreement in general and, after such advice and consultation, Mr. von Glahn has freely and knowingly entered into this Agreement. Mr. von Glahn acknowledges, understands and affirms that:

(a) This Agreement is a binding legal document;

(b) Mr. von Glahn voluntarily signs and enters into this Agreement without reservation after having given the matter full and careful consideration;

(c) Mr. von Glahn acknowledges that he has been provided with the opportunity of at least twenty-one (21) days in which to consider this Agreement and that he has been advised to consult with an attorney before signing this Agreement. If Mr. von Glahn elects to take less than twenty-one (21) days to consider this Agreement, he does so knowingly, willingly and on advice of counsel, with full understanding that he is waiving a statutory right to take the full twenty-one (21) days. Mr. von Glahn warrants that after careful review and study of this Agreement, he understands that the terms set forth herein are those actually agreed upon. Further, Mr. von Glahn acknowledges and understands that he has seven (7) days from his execution of this Agreement to revoke or rescind it, in writing, and that after the expiration of such seven (7) day period this Agreement is effective and enforceable and may not be revoked.

5. No Release of Vested Benefit. Mr. von Glahn does not, by this Agreement, release or discharge any right to any vested, deferred benefit in any qualified employee benefit plan which provides for retirement, pension, savings, thrift and/or employee stock ownership, as such terms are used under ERISA, maintained by any of the Released Parties which employed Mr. von Glahn. Provided, Mr. von Glahn agrees that he is not entitled to any other severance payment except as set forth in the Settlement and Retention Agreement.

GENERAL PROVISIONS

1. Binding Effect. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns, personal representatives, officers, directors, agents, attorneys, parents, subsidiaries and affiliates.

2. Waiver or Amendment. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed both by Mr. von Glahn and a duly authorized representative of Williams.

3. Entirety. This Agreement and the Settlement and Retention Agreement constitute the entire agreement between the parties with respect to the subject matter hereof. This Agreement and the Settlement and Retention Agreement supersede any and all other negotiations, understandings or agreements, whether oral or in writing between the parties with respect to the subject matter hereof including, without limitation, any and all compensation or benefits payable to Mr. von Glahn.

4. Miscellaneous. This Agreement and the rights and obligations hereunder shall be construed in all respects in accordance with the internal laws of the State of Oklahoma without reference to the conflict of laws provisions thereof. Should any provision of this Agreement be found or declared or determined by a court of competent jurisdiction to be invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and any such invalid part, term or provision shall be deemed not to be a part of this Agreement. Any litigation concerning this Agreement or the facts or matters described herein shall be brought only in a court of competent jurisdiction in Tulsa County, Tulsa, Oklahoma.

5. Authorization. Each person signing this Agreement as a party or on behalf of a party represents that he is duly authorized to sign this Agreement and such party's behalf and is executing this Agreement voluntarily, knowingly and without any duress or coercion.

MR. VON GLAHN FURTHER STATES THAT HE HAS CAREFULLY READ THIS DOCUMENT AND KNOWS AND UNDERSTANDS THE CONTENTS HEREOF AND THAT HE SIGNS THIS AGREEMENT AS HIS OWN FREE ACT AND DEED. THE PROVISIONS OF THIS AGREEMENT SHALL BE EFFECTIVE THE DATE ON WHICH MR. VON GLAHN SIGNS THIS AGREEMENT.

WITNESS: THE WILLIAMS COMPANIES, INC.

By: ----------------------------------

- ------------------------

Title: -------------------------------

Date signed: -------------------------

WILLIAM G. VON GLAHN

Date signed: -------------------------

ACKNOWLEDGMENT

I HEREBY ACKNOWLEDGE that _________________________, in accordance with the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act of 1990, informed me in writing that:

(1) I should consult with an attorney before signing the Release Agreement ("Release");

(2) I may review the Release for a period of up to twenty-one (21) days following the Separation Date. If I choose to take less than twenty-one (21) days to review the Release, I do so knowingly, willingly and on advice of counsel;

(3) For a period of seven days following the signing of the Release, I may revoke the Release, and that the Release will not become effective or enforceable until the seven day revocation period has elapsed which is the "Effective Date" set forth in the Release; and

(4) The sums described in Paragraph 2 of the Settlement and Retention Agreement will not be paid to me until the seven day revocation period has elapsed.

I HEREBY FURTHER ACKNOWLEDGE receipt of this Release Agreement on the 7th day of August, 2002.

WITNESS:

- -----------------------------

William G. von Glahn

EXHIBIT 10.12

THE WILLIAMS COMPANIES, INC.

CHANGE IN CONTROL SEVERANCE AGREEMENT

(TIER ONE EXECUTIVES)

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THE WILLIAMS COMPANIES, INC.
CHANGE-IN-CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT dated as of (Effective_Date), (the "Agreement Date") is made by and between The Williams Companies, Inc., a corporation incorporated under the laws of the State of Delaware (together with successors thereto, "Williams"), and (Name) ("Executive").

RECITALS

The Board of Directors of Williams (the "Board") has determined that it is in the best interests of Williams and its shareholders to encourage and motivate the Executive to devote his full attention to the performance of his assigned duties without the distraction of concerns regarding his involuntary or constructive termination of employment due to a Change in Control of Williams. The Executive is employed by Williams or a Subsidiary and may from time to time be employed by one or more Subsidiaries. Williams and its Subsidiaries believe that it is in the best interest of the Executive, their customers, the communities they serve, and the stockholders of Williams to provide financial assistance through severance payments and other benefits to Executive if Executive is involuntarily or constructively terminated upon or within a certain period after a Change in Control. This Agreement is intended to accomplish these objectives.

This Agreement supersedes and replaces all other written or oral exchanges, agreements, understandings, or arrangements between or among Executive and Williams and/or the Subsidiary entered into prior to the date hereof and relating to severance or benefits in relation to a Change in Control, including, but not limited to the Williams Companies, Inc. Change in Control Severance Protection Plan as effective January 1, 1990 and amended and restated June 1, 1999.

ARTICLE I.

DEFINITIONS

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

1.1 "Accrued Annual Bonus" means the amount of any Annual Bonus earned but not yet paid as of the Termination Date, other than amounts Executive has elected to defer.

1.2 "Accrued Base Salary" means the amount of Executive's Base Salary that is accrued but not yet paid as of the Termination Date, other than amounts Executive has elected to defer.

1.3 "Accrued Obligations" means, as of any date, the sum of Executive's Accrued Base Salary, Accrued Annual Bonus, any accrued but unpaid paid time off, and any other amounts and benefits which are then due to be paid or provided to Executive by Williams (other than pursuant to Section 2.1(a)(iii)(A) and (B)), but have not yet been paid or provided (as applicable).

1.4 "Affiliate" means any Person (including a Subsidiary) that directly or indirectly, through one or more intermediaries, controls, or is controlled by or is under common control with Williams. For purposes of this definition the term "control" with respect to any Person

means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of Voting Securities, by contract or otherwise.

1.5 "Agreement Date" -- see the introductory paragraph of this Agreement.

1.6 "Agreement Term" means the period commencing on the Agreement Date and ending on the second anniversary of the Agreement Date or, if later, such later date to which the Agreement Term is extended under the following sentence, unless earlier terminated as provided herein. Commencing on the first anniversary of the Agreement Date, the Agreement Term shall automatically be extended each day by one day to create a new two-year term until, at any time after the first anniversary of the Agreement Date, Williams delivers written notice (an "Expiration Notice") to Executive that the Agreement shall expire on a date specified in the Expiration Notice (the "Expiration Date") that is not less than 12 months after the date the Expiration Notice is delivered to Executive; provided, however, that if a Change Date, or Merger of Equals occurs before the Expiration Date specified in the Expiration Notice, then such Expiration Notice shall be void and of no further effect. Notwithstanding anything herein to the contrary, the Agreement Term shall end at the end of the Severance Period (as defined in Section 2.1(c))if applicable, or if there is no Severance Period, the earliest of the following: (a) the second anniversary of the Change Date, or (b) the Termination Date.

1.7 "Annual Bonus" means the opportunity to receive payment of a cash annual incentive.

1.8 "Article" means an article of this Agreement.

1.9 "Base Salary" means annual base salary in effect on the Termination Date, disregarding any reduction that would qualify as Good Reason.

1.10 "Beneficial Owner" means such term as defined in Rule 13d-3 of the SEC under the Exchange Act.

1.11 "Beneficiary" -- see Section 9.3.

1.12 "Board" means the Board of Directors of Williams or, from and after the Change Date that gives rise to a Surviving Corporation, the Board of Directors of such Surviving Corporation.

1.13 "Cause" means any one or more of the following:

(a) Executive's conviction of or plea of nolo contendere to a felony or other crime involving fraud, dishonesty or moral turpitude;

(b) Executive's willful or reckless material misconduct in the performance of his duties which results in an adverse effect on Williams, the Subsidiary or an Affiliate;

(c) Executive's willful or reckless violation or disregard of the code of business conduct;

(d) Executive's material willful or reckless violation or disregard of a Williams or Subsidiary policy; or

(e) Executive's habitual or gross neglect of duties;

provided, however, that for purposes of clauses (b) and (e), Cause shall not include any one or more of the following:

(i) bad judgment or negligence, other than Executive's habitual neglect of duties or gross negligence;

(ii) any act or omission believed by Executive in good faith to have been in or not opposed to the interest of Williams, the Subsidiary or an Affiliate (without intent of Executive to gain, directly or indirectly, a profit to which Executive was not legally entitled);

(iii) any act or omission with respect to which a determination could properly have been made by the Board that Executive had satisfied the applicable standard of conduct for indemnification or reimbursement under Williams' by-laws, any applicable indemnification agreement, or applicable law, in each case as in effect at the time of such act or omission; or

(iv) during a Post-Change Period other than a Post-Merger of Equals Period, failure to meet performance goals, objectives or measures following good faith efforts to meet such goals, objectives or measures; and

further provided that, for purposes of clauses (b) through (e), if an act, or a failure to act, which was done, or omitted to be done, by Executive in good faith and with a reasonable belief that Executive's act, or failure to act, was in the best interests of Williams, the Subsidiary or an Affiliate or was required by applicable law or administrative regulation, such breach shall not constitute Cause if, within 10 days after Executive is given written notice of such breach that specifically refers to this Section, Executive cures such breach to the fullest extent that it is curable.

1.14 "Cause Determination" --see Section 2.2(b)(iv)

1.15 "Change Date" means the date on which a Change in Control first occurs during the Agreement Term.

1.16 "Change in Control" means, except as otherwise provided below, the occurrence of any one or more of the following during the Agreement Term:

(a) any person (as such term is used in Rule 13d-5 of the SEC under the Exchange Act) or group (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than an Affiliate of Williams or any employee benefit plan (or any related trust) sponsored or maintained by Williams or any of its Affiliates (a "Related Party"), becomes the Beneficial Owner of 20% or more of the common stock of Williams or of Voting Securities representing 20% or more of the combined voting power of all Voting Securities of Williams,

except that no Change in Control shall be deemed to have occurred solely by reason of such beneficial ownership by a Person (a "Similarly Owned Company") with respect to which both more than 75% of the common stock of such Person and Voting Securities representing more than 75% of the combined voting power of the Voting Securities of such Person are then owned, directly or indirectly, by the persons who were the direct or indirect owners of the common stock and Voting Securities of Williams immediately before such acquisition, in substantially the same proportions as their ownership, immediately before such acquisition, of the common stock and Voting Securities of Williams, as the case may be; or

(b) Williams Incumbent Directors (determined using the Agreement Date as the baseline date) cease for any reason to constitute at least a majority of the directors of Williams then serving; or

(c) consummation of a merger, reorganization, recapitalization, consolidation, or similar transaction (any of the foregoing, a "Reorganization Transaction"), other than a Reorganization Transaction that results in the Persons who were the direct or indirect owners of the outstanding common stock and Voting Securities of Williams immediately before such Reorganization Transaction becoming, immediately after the consummation of such Reorganization Transaction, the direct or indirect owners, of both at least 65% of the then-outstanding common stock of the Surviving Corporation and Voting Securities representing at least 65% of the combined voting power of the then-outstanding Voting Securities of the Surviving Corporation, in substantially the same respective proportions as such Persons' ownership of the common stock and Voting Securities of Williams immediately before such Reorganization Transaction; or

(d) approval by the stockholders of Williams of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of Williams or a plan of complete liquidation of Williams, other than any such transaction that would result in (i) a Related Party owning or acquiring more than 50% of the assets owned by Williams immediately prior to the transaction or (ii) the Persons who were the direct or indirect owners of the outstanding common stock and Voting Securities of Williams immediately before such transaction becoming, immediately after the consummation of such transaction, the direct or indirect owners, of more than 50% of the assets owned by Williams immediately prior to the transaction.

Notwithstanding the occurrence of any of the foregoing events, a Change in Control shall not occur with respect to Executive if, in advance of such event, Executive agrees in writing that such event shall not constitute a Change in Control.

1.17 "Code" means the Internal Revenue Code of 1986, as amended.

1.18 "Competitive Business" means, as of any date, any energy business and any individual or entity (and any branch, office, or operation thereof) which engages in, or proposes to engage in (with Executive's assistance) any of the following in which the Executive has been engaged in the twelve (12) months preceding the Termination Date (i) the harnessing, production, transmission, distribution, marketing or sale of oil, gas or other energy product or the transmission or distribution thereof through pipelines, wire or cable or similar medium (ii) any

other business actively engaged in by Williams which represents for any calendar year or is projected by Williams (as reflected in a business plan adopted by Williams before Executive's Termination Date) to yield during any year during the first three-fiscal year period commencing on or after Executive's Termination Date, more than 5% of the gross revenue of Williams, and, in either case, which is located (x) anywhere in the United States, or (y) anywhere outside of the United States where Williams is then engaged in, or proposes as of the Termination Date to engage in to the knowledge of the Executive, any of such activities.

1.19 "Confidential Information" means any information, ideas, processes, methods, designs, devices, inventions, data, techniques, models and other information developed or used by Williams or any Affiliate and not generally known in the relevant trade or industry relating to Williams' or its Affiliates' products, services, businesses, operations, employees, customers or suppliers, whether in tangible or intangible form, which gives Williams and its Affiliates a competitive advantage in the harnessing, production, transmission, distribution, marketing or sale of oil, gas or other energy or the transmission or distribution thereof through pipelines, wire or cable or similar medium or in the energy services or energy trading industry and other businesses in which Williams or an Affiliate is engaged, or of third parties which Williams or Affiliate is obligated to keep confidential, or which was learned, discovered, developed, conceived, originated or prepared during or as a result of Executive's performance of any services on behalf of Williams or any Affiliate, and which falls within any of the following general categories:

(a) information relating to trade secrets of Williams or any Affiliate or any customer or supplier of Williams or any Affiliate;

(b) information relating to existing or contemplated products, services, technology, designs, processes, formulae, algorithms, research or product developments of Williams or any Affiliate or any customer or supplier of Williams or any Affiliate;

(c) information relating to business plans or strategies, sales or marketing methods, methods of doing business, customer lists, customer usages and/or requirements, supplier information of Williams or any Affiliate or any customer or supplier of Williams or any Affiliate; information subject to protection under the Uniform Trade Secrets Act, as adopted by the State of Oklahoma, or to any comparable protection afforded by applicable law; or

(d) any other confidential information which either Williams or any Affiliate or any customer or supplier of Williams or any Affiliate may reasonably have the right to protect by patent, copyright or by keeping it secret and confidential.

(e) Notwithstanding the foregoing, Confidential Information shall not include: (i) information that is or becomes generally known through no fault of Executive; (ii) information received from a third party outside of Williams that was disclosed without a breach of any confidentiality obligation; or (iii) information approved for release by written authorization of Williams.

1.20 "Consummation Date" means the date on which a Reorganization transaction is consummated.

1.21 "Disability" means any medically determinable physical or mental impairment of Executive that:

(a) has lasted for a continuous period of not less than (i) six months or (ii) such longer period, if any, that is available to Executive under his Employer's policies relating to the continuation of employee status after the onset of disability, as such policies are applicable to other peer executives of the Employer immediately prior to the Change Date,

(b) can be expected to be permanent or of indefinite duration, and

(c) renders Executive substantially unable to perform his duties.

The Employer shall provide or cause to be provided Executive or his legal representative, as applicable, (i) written notice in accordance with Section 9.7 of the intention of Executive's employer to terminate his employment for Disability and (ii) a certification of Executive's Disability by a physician selected by the Employer or its insurers, subject to the consent of Executive or his legal representative, which consent shall not be unreasonably withheld or delayed. Executive's employment shall terminate effective on the 30th day (the "Disability Effective Date") after his receipt of such notice unless, before the Disability Effective Date, he shall have resumed the full-time performance of his duties.

1.22 "Disability Effective Date" -- see the definition of "Disability".

1.23 "Employer" means Williams or, if Executive is not employed directly by Williams, the Subsidiary that from time to time employs Executive on or after the Agreement Date, and the successor of either (provided, in the case of a Subsidiary, that such successor is also a Subsidiary).

1.24 "ERISA" means the Employee Retirement Income security Act of 1974, as amended.

1.25 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

1.26 "Good Reason" means a Termination of Employment by Executive in accordance with the substantive and procedural provisions of this Section.

(a) Termination of Employment by Executive for "Good Reason" means a Termination of Employment initiated by Executive on account of any one or more of the following actions or omissions that, unless otherwise specified, occurs during a Post-Change Period:

(i) a material adverse reduction in the nature or scope of Executive's office, position, duties, functions, responsibilities or authority (including reporting responsibilities and authority) during a Post-Change Period other than a Merger of Equals from the most significant of those held, exercised and assigned at any time during the 90-day period immediately before the later of (x) the Change Date or (y) the Merger of Equals Cessation Date;

(ii) any reduction in or failure to pay Executive's annual Base Salary at an annual rate not less than 12 times the highest monthly base salary paid or payable to Executive by his Employer in respect of the 12-month period immediately before the Change Date;

(iii) any reduction in the Target Annual Bonus which Executive may earn determined as of the Change Date or failure to pay Executive's Annual Bonus on terms substantially equivalent to those provided to peer executives of the Employer;

(iv) a material reduction of Executive's aggregate compensation and/or aggregate benefits from the amounts and/or levels in effect on the Change Date, unless such reduction is part of a Policy applicable to peer executives of the Employer and of any successor entity;

(v) required relocation during a Post-Change Period other than a Post-Merger of Equals Period of more than 50 miles of (A) Executive's workplace, or (B) the principal offices of the Employer or its successor (if such offices are Executive's workplace), in each case without the consent of Executive; provided, however, in both cases of (A) and (B) of this subsection (v), such new location is farther from Executive's residence than the prior location;

(vi) the failure at any time of a successor to Executive's Employer explicitly to assume and agree to be bound by this Agreement; provided, however, that the failure of a business unit or the Employer, which has been sold, spun-off or otherwise disaggregated by the Employer, to assume this Agreement during a Post-Merger of Equals Period shall not qualify as Good Reason for purposes of this clause (vi); or

(vii) the giving of a Notice of Consideration pursuant to Section 2.2(b)(ii) or Section 2.2(d) and the subsequent failure to terminate Executive for Cause and within a period of 90 days thereafter in compliance with all of the substantive and procedural requirements of Section 2.2;

(b) Notwithstanding anything in this Agreement to the contrary, no act or omission shall constitute grounds for "Good Reason":

(i) Unless Executive gives a Notice of Termination to Williams and the Employer 30 days prior to his intent to terminate his employment for Good Reason which describes the alleged act or omission giving rise to Good Reason; and

(ii) Unless such Notice of Termination is given within 90 days of Executive's first actual knowledge of such act or omission, or if such act or omission would not constitute Good Reason during a Post-Merger of Equals Period, unless Executive's Termination Date is within 90 days after the first date on which he first obtained actual knowledge of the fact that no Merger of Equals has occurred or that a Merger of Equals Cessation has occurred; and

(iii) Unless Williams or the Employer fails to cure such act or omission within the 30 day period after receiving the Notice of Termination; and

(iv) If Executive has consented in writing to such act or omission in a document that makes specific reference to this Section.

1.27 "Gross-Up Payment" -- see Section 3.1.

1.28 "including" means including without limitation.

1.29 "IRS" means the Internal Revenue Service of the United States of America.

1.30 "Legal and Other Expenses" -- see Section 4.1.

1.31 "Lump Sum Value" of an annuity payable pursuant to a defined benefit plan means, as of a specified date, the present value of such annuity, as determined as of such date, under generally accepted actuarial principles using (a) the applicable interest rate, mortality tables and other methods and assumptions that the Pension Benefit Guaranty Corporation ("PBGC") would use in determining the value of an immediate annuity on the Termination Date or (b) if such interest rate and mortality assumptions are no longer published by the PBGC, interest rate and mortality assumptions determined in a manner as similar as practicable to the manner by which the PBGC's interest rate and mortality assumptions were determined immediately prior to the PBGC's cessation of publication of such assumptions; provided, however, that if such defined benefit plan provides for a lump sum distribution, then "Lump Sum Value" shall mean such lump sum amount.

1.32 "Merger of Equals" means, as of any date, a Reorganization Transaction that, notwithstanding the fact that such transaction may also qualify as a Change in Control, satisfies all of the conditions set forth in subsections (a), (b) and (c) below:

(a) less than 65%, but not less than 50%, of the common stock of the Surviving Corporation outstanding immediately after the consummation of the Reorganization Transaction, together with Voting Securities representing less than 65%, but not less than 50%, of the combined voting power of all Voting Securities of the Surviving Corporation outstanding immediately after such consummation shall be owned, directly or indirectly, by the persons who were the owners directly or indirectly of the common stock and Voting Securities of Williams immediately before such consummation in substantially the same proportions as their respective direct or indirect ownership, immediately before such consummation, of the common stock and Voting Securities of Williams, respectively; and

(b) Williams Incumbent Directors (determined using the date immediately preceding the Consummation Date as the baseline date) shall, throughout the period beginning on the Consummation Date and ending on the second anniversary of the Consummation Date, continue to constitute not less than 50% of the members of the Board; and

(c) the person who was the Chief Executive Officer of Williams immediately prior to the Consummation Date shall serve as the Chief Executive Officer of the Surviving

Corporation at all times during the period commencing on the Consummation Date and ending on the first anniversary of the Consummation Date;

provided, however, that a Reorganization Transaction that qualifies as a Merger of Equals shall cease to qualify as a Merger of Equals (a "Merger of Equals Cessation") and shall instead qualify as a Change in Control that is not a Merger of Equals from and after the first date during the Post-Change Period (such date, the "Merger of Equals Cessation Date") as of which any one or more of the following shall occur for any reason:

(i) any condition of subsection (a) of this Section shall for any reason not be satisfied immediately after the consummation of the Reorganization Transaction; or

(ii) as of the close of business on any date on or after the Consummation Date and before the second anniversary of the Change Date, any condition of subsections (a) and/or (b) of this Section shall not be satisfied; or

(iii) on any date prior to the first anniversary of the Consummation Date, Williams shall make a filing with the SEC, issue a press release, or make a public announcement to the effect that the Chief Executive Officer of Williams has resigned or will resign or be terminated, other than on account of a scheduled retirement, or Williams is seeking or intends to seek a replacement for the then-Chief Executive Officer of Williams, whether such resignation, termination or replacement is to become effective before or after such first anniversary of the Consummation Date.

Williams shall give Executive written notice, in accordance with Section 9.7, of any Merger of Equals Cessation and the applicable Merger of Equals Cessation Date as soon as practicable after the Merger of Equals Cessation Date.

1.33 "Merger of Equals Cessation Date" - see the definition of "Merger of Equals."

1.34 "Merger of Equals Cessation Notice" means a written notice given in accordance with Section 9.7 by the Employer to notify Executive of the facts and circumstances of a Merger of Equals Cessation, including the Merger of Equals Cessation Date.

1.35 "Non-Qualified Plan" means any deferred compensation plan, program, policy, practice or procedure (including a SERP) that is not qualified under Section 401(a) of the Code, and which is sponsored by Williams, the Employer, or the Surviving Corporation.

1.36 "Notice of Consideration" -- see Section 2.2(b)(ii).

1.37 "Notice of Termination" means a written notice of a Termination of Employment given in accordance with Section 9.7 that sets forth (a) the specific termination provision in this Agreement relied on by the party giving such notice, (b) in reasonable detail the specific facts and circumstances claimed to provide a basis for such Termination of Employment, and (c) if the Termination Date is other than the date of receipt of such Notice of Termination, the Termination Date.

1.38 "Person" means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

1.39 "Post-Change Period" means the period commencing on the Change Date and ending on the earlier of the Termination Date or the second anniversary of the Change Date.

1.40 "Post-Merger of Equals Period" means the period commencing on the Consummation Date that qualifies as a Merger of Equals and ending on the second anniversary of such Consummation Date or, if sooner, the Merger of Equals Cessation Date.

1.41 "Potential Parachute Payment" - see Section 3.1.

1.42 "Pro-rata Annual Bonus" means, in respect of an Employer's fiscal year during which the Termination Date occurs, an amount equal to the product of Executive's Target Annual Bonus (determined as of the Termination Date) multiplied by a fraction, the numerator of which equals the number of days from and including the first day of such fiscal year through and including the Termination Date, and the denominator of which equals 365.

1.43 "Reorganization Transaction" -- see clause (c) of the definition of "Change in Control".

1.44 "Restricted Shares" means shares of restricted stock, restricted stock units, deferred stock or similar awards.

1.45 "SEC" means the United States Securities and Exchange Commission.

1.46 "Section" means, unless the context otherwise requires, a section of this Agreement.

1.47 "SERP" means a supplemental executive retirement plan that is a Non-Qualified Plan.

1.48 "Stock Options" means stock options, stock appreciation rights or similar awards.

1.49 "Subsidiary" means an Affiliate with respect to which Williams owns, directly or indirectly, Voting Securities representing more than 50% of the aggregate voting power of the then-outstanding Voting Securities. Status as a Subsidiary shall cease if Williams ceases own, directly, or indirectly, more than 50% of such aggregate voting power.

1.50 "Surviving Corporation" means the corporation resulting from a Reorganization Transaction or, if securities representing at least 50% of the aggregate voting power of all Voting Securities of such resulting corporation are directly or indirectly owned by another corporation, such other corporation.

1.51 "Target Annual Bonus" means, as of any date, the amount equal to the product of Executive's Base Salary determined as of such date multiplied by the percentage of such Base

Salary to which Executive would have been entitled immediately prior to such date under any Annual Bonus arrangement for the fiscal year for which the Annual Bonus is awarded if the performance goals established pursuant to such Annual Bonus were achieved at the 100% level as of the end of the fiscal year; provided, however, that if Executive's Annual Bonus is discretionary and no 100% target level is formally established either under the Annual Bonus arrangement or otherwise, Executive's "Target Annual Bonus" shall mean the amount equal to the 50% of Executive's Base Salary.

1.52 "Taxes" means federal, state, local and other income, employment and other taxes.

1.53 "Termination Date" means the date of the receipt of the Notice of Termination by Executive (if such notice is given by Executive's Employer) or by Executive's Employer (if such notice is given by Executive), or any later date, not more than 30 days after the giving of such notice, specified in such notice; provided, however, that:

(a) Executive's employment is terminated by reason of death or Disability, the Termination Date shall be the date of Executive's death or the Disability Effective Date, as applicable, regardless of whether a Notice of Termination has been given; and

(b) if no Notice of Termination is given, the Termination Date shall be the last date on which Executive is employed by an Employer;

(c) if Notice of Termination is given during a Post-Merger of Equals Period, then the Termination Date shall be deemed to be in the Post-Merger of Equals Period, whether or not a Merger of Equals Cessation date occurs prior to the Termination Date; and

(d) for purposes of Article VI (Restrictive Covenants) if the Executive does not have a Termination of Employment, the Termination Date shall be the later of the date the entity that employs Executive ceases to be a Subsidiary, or, after a Disaggregation (as defined in Section 1.54), the date Executive's employment with the successor business unit terminates, whether such termination is initiated by such successor or by Executive.

1.54 "Termination of Employment" means, in respect of Executive, any cessation of Executive's employment with Williams and its Subsidiaries, whether such cessation occurs (a) on the initiative of the Employer or Executive or (b) by reason of the death of Executive; provided that for the purposes of Article II, (i) the mere cessation of a Subsidiary's status as a Subsidiary shall not effect a Termination of Employment, and (ii) if the Executive's cessation of employment with Williams and its Subsidiaries is effected through a sale, spin-off or other disaggregation ("Disaggregation") by Williams or an Affiliate of the business unit (including but not limited to the Subsidiary) which employed Executive immediately prior to such Disaggregation ("Transfer"), whether such Disaggregation occurs before or after a Change in Control, and if Executive is employed in substantially the same position (without regard to reporting obligations) by the successor to such business unit immediately following the Transfer, then the Disaggregation shall not be deemed to effect a "Termination of Employment," nor shall a subsequent termination of employment or job restructuring with such business unit after the Disaggregation be deemed to effect a "Termination of Employment."

1.55 "Voting Securities" of a corporation means securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

1.56 "Williams" -- see the introductory paragraph of this Agreement.

1.57 "Williams Incumbent Directors" means, determined as of any date by reference to any baseline date:

(a) the members of the Board on the date of such determination who have been members of the Board since such baseline date, and

(b) the members of the Board on the date of such determination who were appointed or elected after such baseline date and whose election, or nomination for election by stockholders of Williams or the Surviving Corporation, as applicable, was approved by a vote or written consent of two-thirds (or by a simple majority for purposes of subsection (b) of the definition of "Merger of Equals") of the directors comprising the Williams Incumbent Directors on the date of such vote or written consent, but excluding each such member whose initial assumption of office was in connection with (i) an actual or threatened election contest, including a consent solicitation, relating to the election or removal of one or more members of the Board, (ii) a "tender offer" (as such term is used in Section 14(d) of the Exchange Act), (iii) a proposed Reorganization Transaction, or (iv) a request, nomination or suggestion of any Beneficial Owner of Voting Securities representing 20% or more of the aggregate voting power of the Voting Securities of Williams or the Surviving Corporation, as applicable.

1.58 "Williams Parties" means Williams and Executive's Employer.

1.59 "Work Product" means all ideas, inventions and business plans that Executive makes, conceives, discovers or develops alone or with others during the course of Executive's employment with Williams or during the one year period following Executive's Termination Date, including any inventions, modifications, discoveries, developments, improvements, computer programs, processes, products or procedures (whether or not protectable upon application by copyright, patent, trademark, trade secret or other proprietary rights).

ARTICLE II.

WILLIAMS' OBLIGATIONS UPON TERMINATION OF EMPLOYMENT

2.1 If by Executive for Good Reason or by an Employer Other Than for Cause or Disability. If Executive has a Termination of Employment for Good Reason or there is an Employer-initiated Termination of Employment of the Executive for any reason other than Cause or Disability during the Post-Change Period, then Williams' and the Employer's sole obligations to Executive under this Article II shall be as follows:

(a) Severance Payments. Executive shall be paid a lump-sum cash amount equal to the sum of the following, no more than ten (10) business days after the Termination Date (provided, however, such lump-sum amount shall be paid no more than 30 business days after a Termination Date that occurs during a Post-Merger of Equals Period):

(i) Accrued Obligations. All Accrued Obligations;

(ii) Prorated Annual Bonus for Year of Termination. Executive's Pro-rata Annual Bonus reduced (but not below zero) by the amount of any Annual Bonus paid to Executive with respect to the Employer's fiscal year during which the Termination Date occurs;

(iii) Deferred Pensions and Pension Enhancements. Subject to the proviso following subsection (iii)(D), the sum of:

(A) all vested amounts previously deferred by or accrued to the benefit of Executive under any defined benefit or defined contribution Non-Qualified Plans, together with any vested accrued earnings thereon, to the extent that such amounts and earnings have not been previously paid, under the terms of such Non-Qualified Plan,

(B) all unvested amounts previously deferred by or accrued to the benefit of Executive under any defined benefit or defined contribution Non-Qualified Plans, together with any unvested accrued earnings on vested or unvested deferred amounts, to the extent that such amounts and earnings have not been previously paid and will not be provided under the terms of such Non-Qualified Plan,

(C) an amount equal to the sum of the value of the unvested portion of Executive's accounts or accrued benefits under any defined contribution plan qualified under Section 401(a) of the Code maintained by the Williams Parties as of the Termination date and forfeited by Executive due to Termination of Employment

(D) an amount equal to the positive difference, if any, between (1) and (2), where:

(1) is the sum of the Lump-Sum Values that would be payable to Executive under any defined benefit Non-Qualified Plan (in which Executive was a participant) calculated as if Executive (I) had attained as of the Termination Date an age that is up to three years greater than Executive's actual age, and (II) accrued a number of years of service (or, in the case of a cash balance-type plan, a number of years' worth of additional allocations based on compensation as of the Termination Date) that is up to three years greater than the number of years of service actually accrued by (or the number of years' worth of additional allocations actually credited to) Executive as of the Termination Date; provided that (x) in the case of both I and II above, such additional years of age and/or service and/or allocations (if any) shall be added only if and to the

extent that Executive's benefit is greater with such additional years than without such additional years, (y) years of service and/or allocations credited under (x) shall be taken into account for purposes of determining the amount of such benefits, entitlement to (but not commencement of) early retirement benefits, and all other purposes of such defined benefit plans, and (z) such years of service and/or allocations credited under (x) shall be in addition to the number of additional years of service or allocations (if any) credited to Executive pursuant to any other agreement between a Williams Party and the Executive;

and

(2) is the Lump Sum Value of the aggregate amounts paid or payable to Executive under such defined benefit Non-Qualified Plan;

provided that if the Termination Date occurs during a Post-Merger of Equals Period, payment of the amounts described in subsections (iii)(A) and (iii)(D) shall be postponed and such amounts shall be paid to Executive the later of the date payable pursuant to the terms of the applicable plan, or after (but no more than ten (10) business days after) the Merger of Equals Cessation Date, if any; and

(iv) Multiple of Salary and Bonus. An amount equal to three (3.0) times the sum of (A) Base Salary plus (B) the Target Annual Bonus, each determined as of the Termination Date; provided, however, that any reduction in Executive's Base Salary or Target Annual Bonus that would qualify as Good Reason shall be disregarded for this purpose.

(b) Stock Incentive Awards. If the Termination Date occurs during any portion of a Post-Change Period that does not also qualify as a Post-Merger of Equals Period, on Executive's Termination Date, (i) all of Executive's Stock Options then outstanding shall immediately become fully vested and remain exercisable until the 18-month anniversary of the Termination Date (or such later date as may be provided in the applicable award agreement) or, if earlier, the option expiration date for any such Stock Option, and (ii) all of Executive's Restricted Shares then outstanding shall immediately become fully vested and nonforfeitable.

(c) Continuation of Welfare Benefits.

(i) During the lesser of the period during which Executive or a qualifying beneficiary (as defined in Section 607 of the Employee Retirement Income Security Act of 1974, as amended) has in effect an election for post-termination continuation coverage or conversion rights to welfare benefits under applicable law, including Section 4980 of the Code ("COBRA"), or the period ending on the 18-month anniversary of the Termination Date ("Severance

Period"), Executive (or, if applicable, the qualifying beneficiary) shall be entitled to such coverage at an out-of-pocket premium cost that does not exceed the out-of-pocket premium cost applicable to similarly situated active employees (and their eligible dependents); provided, however, that if Executive is eligible to retiree benefits provided under any welfare benefit plan, program, policy, practice or procedure of the Williams Parties, Executive shall be entitled to receive such retiree benefits in lieu of the COBRA coverage provided by this Section 2.1(c).

(ii) For purposes of determining eligibility for (but not the time of commencement of) such retiree benefits, Executive shall be considered to have attained an age that is three years greater than Executive's actual age.

(d) Outplacement. Executive shall be reimbursed for reasonable fees and costs for outplacement services incurred by Executive within six (6) months after the Termination Date, promptly upon presentation of reasonable documentation of such fees and costs, subject to a maximum of $25,000.

(e) Indemnification. Executive shall be indemnified and held harmless by Williams and the Employer on the same terms as other peer executives and to the greatest extent permitted under applicable law as the same now exists or may hereafter be amended and the Employer's and Williams's by-laws as such exist on the Agreement Date if Executive was, is, or is threatened to be, made a party to any pending, completed or threatened action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that Executive is or was, or had agreed to become, a director, officer, employee, agent or fiduciary of the Employer or any other entity which Executive is or was serving at the request of the Employer or Williams ("Proceeding"), against all expenses (including reasonable attorneys' fees) and all claims, damages, liabilities and losses incurred or suffered by Executive or to which Executive may become subject for any reason. A Proceeding shall not include any proceeding to the extent it concerns or relates to a matter described in Section 4.1 (concerning reimbursement of certain costs and expenses). Upon receipt from Executive of (i) a written request for an advancement of expenses, which Executive reasonably believes will be subject to indemnification hereunder and (ii) a written undertaking by Executive to repay any such amounts if it shall ultimately be determined that Executive is not entitled to indemnification under this Agreement or otherwise, the Employer shall advance such expenses to Executive or pay such expenses for Executive, all in advance of the final disposition of any such matter.

(f) Directors' and Officers' Liability Insurance. For a period of six years after the Termination Date (or for any known longer applicable statute of limitations period), the Executive shall be entitled to coverage under a directors' and officers' liability insurance policy in an amount no less than, and on the same terms as those provided to peer executive officers and directors of the Employer.

2.2 If by the Employer for Cause.

(a) Termination for Cause. If Executive has a Termination of Employment for Cause during the Post-Change Period, the Williams Parties' sole obligation to Executive under this Article II shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date.

(b) Change in Control that is not a Merger of Equals: Procedural Requirements for Termination for Cause. For any Termination of Employment for Cause during any part of a Post-Change Period that is not a Post-Merger of Equals Period, the Williams Parties shall strictly observe each of the following substantive and procedural provisions:

(i) The Board shall call a meeting for the stated purpose of determining whether Executive's acts or omissions satisfy the requirements of the definition of "Cause" and, if so, whether to terminate Executive's employment for Cause.

(ii) Not less than 15 days prior to the date of such meeting, the Board shall provide or cause to be provided Executive and each member of the Board written notice (a "Notice of Consideration") of (A) a detailed description of the acts or omissions alleged to constitute Cause, (B) the date of such meeting of the Board, and (C) Executive's rights under clauses (iii) and (iv) below.

(iii) Executive shall have the opportunity to appear before the Board in person and, at Executive's option, with legal counsel, and/or present to the Board a written response to the Notice of Consideration.

(iv) Executive's employment may be terminated for Cause only if (A) the acts or omissions specified in the Notice of Consideration did in fact occur and such actions or omissions do constitute Cause as defined in this Agreement, (B) the Board, by affirmative vote of at least 66 2/3 of its members (excluding Executive's vote), makes a specific determination to such effect and to the effect that Executive's employment should be terminated for Cause ("Cause Determination"), and (C) Williams thereafter provides Executive with a Notice of Termination that specifies in specific detail the basis of such Termination of Employment for Cause and which Notice shall be consistent with the reasons set forth in the Notice of Consideration.

Nothing in this Section 2.2(b) shall preclude the Board, by majority vote, from suspending Executive from his duties, with pay, at any time.

(c) Change in Control that is not a Merger of Equals: Standard of Review. In the event that the existence of Cause shall become an issue in any action or proceeding between Executive, on the one hand, and any one or more of the Williams Parties on the other hand, the Williams Parties, as applicable, shall, notwithstanding the Cause Determination, have the burden of establishing that the actions or omissions specified in the Notice of Consideration did in fact occur and do constitute Cause and that the Williams Parties have satisfied all applicable substantive and procedural requirements of this Section.

(d) Merger of Equals Procedures and Standards. If the Notice of Consideration is given during any portion of a Post-Change Period that also qualifies as a Post-Merger of Equals Period, Sections 2.2(b) and (c) shall apply as modified below:

(i) Executive shall have the opportunity to present to the Board a written response to the Notice of Consideration, but shall not have the right to appear in person or by counsel before the Board; and

(ii) The Cause Determination shall require the affirmative vote of a simple majority of the members of the Board.

(iii) In the event that the existence of Cause shall become an issue in any action or proceeding between Executive, on the one hand, and any one or more of the Williams Parties, on the other hand, the Cause Determination shall be final and binding on all parties.

2.3 If by a Participant Other Than for Good Reason. If Executive has a Termination of Employment initiated by the Executive during the Post-Change Period other than for Good Reason, Disability or death, the sole obligation of the Williams Parties to Executive under this Article II shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date.

2.4 If by Death or Disability. If Executive dies during the Post-Change Period or if Executive has a Termination of Employment during the Post-Change Period by reason of Executive's Disability, the Williams Parties' sole obligation to Executive under this Article II shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date.

2.5 Waiver and Release. Notwithstanding anything herein to the contrary, no Williams Party shall have any obligation to Executive under Articles II and/or III unless and until Executive executes a release and waiver of Williams, the Employer and Affiliates, in substantially the same form as attached hereto as Exhibit A, or as otherwise mutually acceptable.

2.6 Breach of Covenants. If a court determines that Executive has breached any non-competition, non-solicitation, non-disparagement, confidential information or intellectual property covenant entered into at any time between Executive (on the one hand) and Williams, the Employer, or any Affiliate (on the other hand), including the Restrictive Covenants in Article VI, (a) no Williams Party shall have any obligation to pay or provide any severance or benefits under Articles II and/or III, (b) all of Executive's unexercised Stock Options shall terminate as of the date of the breach, (c) all of Executive's Restricted Stock shall be forfeited as of the date of the breach, (d) Executive shall reimburse a Williams Party for any amount already paid under Articles II and/or III, and (e) Executive shall repay to the Company an amount equal to the aggregate "spread" (as defined below) on all Stock Options exercised in the one year period prior to the first date on which Executive breached any such covenant ("Breach Date"). For purposes of this Section 2.6, "spread" in respect of any Stock Option shall mean the product of the number of shares as to which such Stock Option has been exercised during the one year period prior to the Breach Date multiplied by the difference between the closing price of the common stock on

the exercise date (or if the common stock did not trade on the New York Stock Exchange on the exercise date, the most recent date on which the common stock did so trade) and the exercise price of the Stock Options.

ARTICLE III.

CERTAIN ADDITIONAL PAYMENTS BY WILLIAMS

3.1 Gross-Up Payment. If at any time or from time to time, it shall be determined by the Employer's independent auditors that any payment or other benefit to Executive pursuant to Article II of this Agreement or otherwise ("Potential Parachute Payment") is or will become subject to the excise tax imposed by Section 4999 of the Code or any similar tax payable under any United States federal, state, local, foreign or other law ("Excise Taxes"), then the Employer shall, pursuant to Section 3.2, pay or cause to be paid a tax gross-up payment ("Gross-Up Payment") with respect to all such Excise Taxes and other Taxes on the Gross-Up Payment.

3.2 Gross-Up Payment. The Gross-Up Payment shall be an amount equal to the product of

(a) The amount of the Excise Taxes,

multiplied by

(b) A fraction (the "Gross-Up Multiple"), the numerator of which is one (1.0), and the denominator of which is one (1.0) minus the lesser of (i) the sum, expressed as a decimal fraction, of the effective marginal rates of any Taxes and any Excise Taxes applicable to the Gross-Up Payment or (ii) .80, it being intended that the Gross-Up Multiple shall in no event exceed five (5.0). If different rates of tax are applicable to various portions of a Gross-Up Payment, the weighted average of such rates shall be used.

The Gross-Up Payment is intended to compensate Executive for all such Excise Taxes and any other Taxes payable by Executive with respect to the Gross-Up Payment. The Employer shall pay or cause to be paid the Gross-Up Payment to Executive within thirty (30) days of the calculation of such amount, but in no event after Executive makes payment to the IRS of such Excise Taxes.

3.3 Limitation on Gross-Up Payments. To the extent possible, any payments or other benefits to Executive pursuant to Article II of the Agreement shall be allocated as consideration for restrictive covenants applicable to Executive.

3.4 Additional Gross-up Amounts. If, for any reason, the Employer's independent auditors later determine that the amount of Excise Taxes payable by Executive is greater than the amount initially determined pursuant to Section 3.2, then the Employer shall, subject to Section 3.3 and 3.5, pay Executive, within thirty (30) days of such determination, or pay to the IRS as required by applicable law, an amount (which shall also be deemed a Gross-Up Payment) equal to the product of:

(a) the sum of (i) such additional Excise Taxes and (ii) any interest, penalties, expenses or other costs incurred by Executive as a result of having taken a position in accordance with a determination made pursuant to Sections 3.2 or 3.5,

multiplied by

(b) the Gross-Up Multiple.

3.5 Amount Increased or Contested.

(a) Executive shall notify all Williams Parties in writing (a "Participant's Notice") of any claim by the IRS or other taxing authority (an "IRS Claim") that, if successful, would require the payment by Executive of Excise Taxes in respect of Potential Parachute Payments in an amount in excess of the amount of such Excise Taxes determined in accordance with Section 3.2. Executive's Notice shall include the nature and amount of such IRS Claim, the date on which such IRS Claim is due to be paid (the "IRS Claim Deadline"), and a copy of all notices and other documents or correspondence received by Executive in respect of such IRS Claim. Executive shall give Executive's Notice as soon as practicable, but no later than the earlier of (i) 10 days after Executive first obtains actual knowledge of such IRS Claim or (ii) five days before the IRS Claim Deadline; provided, however, that any failure to give Executive's Notice shall affect the Williams Parties' obligations under this Article only to the extent that a Williams Party is actually prejudiced by such failure. If at least one business day before the IRS Claim Deadline the Employer shall:

(i) deliver to Executive a written certificate from the Employer's independent auditors ("Company Certificate") to the effect that, notwithstanding the IRS Claim, the amount of Excise Taxes, interest or penalties payable by Executive is either zero or an amount less than the amount specified in the IRS Claim,

(ii) pay to Executive, or to the IRS as required by applicable law, an amount (which shall also be deemed a Gross-Up Payment) equal to difference between the product of (A) amount of Excise Taxes, interest and penalties specified in the Company Certificate, if any, multiplied by (B) the Gross-Up Multiple, less the portion of such product, if any, previously paid to Executive by the Employer, and

(iii) direct Executive pursuant to Section 3.5(d) to contest the balance of the IRS Claim,

then Executive shall pay only the amount, if any, of Excise Taxes, interest and penalties specified in the Company Certificate. In no event shall Executive pay an IRS Claim earlier than 30 business days after having given Executive's Notice (or, if sooner, the IRS Claim Deadline).

(b) At any time after the payment by Executive of any amount of Excise Taxes, other Taxes or related interest or penalties in respect of Potential Parachute Payments (including any such amount equal to or less than the amount of such Excise Taxes specified in any

Company Certificate, or IRS Claim), any Williams Party may in its discretion require Executive to pursue a claim for a refund (a "Refund Claim") of all or any portion of such Excise Taxes, other Taxes, interest or penalties as may be specified by the Williams Party in a written notice to Executive.

(c) If a Williams Party notifies Executive in writing that a Williams Party desires Executive to contest an IRS Claim or to pursue a Refund Claim, Executive shall:

(i) give the Williams Party all information that it reasonably requests in writing from time to time relating to such IRS Claim or Refund Claim, as applicable,

(ii) take such action in connection with such IRS Claim or Refund Claim (as applicable) as the Williams Party reasonably requests in writing from time to time, including accepting legal representation with respect thereto by an attorney selected by the Williams Party, subject to the approval of Executive (which approval shall not be unreasonably withheld or delayed),

(iii) cooperate with the Williams Party in good faith to contest such IRS Claim or pursue such Refund Claim, as applicable,

(iv) permit the Williams Party to participate in any proceedings relating to such IRS Claim or Refund Claim, as applicable, and

(v) contest such IRS Claim or prosecute Refund Claim (as applicable) to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Williams Party may from time to time determine in its discretion.

The Williams Party shall control all proceedings in connection with such IRS Claim or Refund Claim (as applicable) and in its discretion may cause Executive to pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service or other taxing authority in respect of such IRS Claim or Refund Claim (as applicable); provided that (A) any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive relating to the IRS Claim is limited solely to such IRS Claim, (B) the Williams Party's control of the IRS Claim or Refund Claim (as applicable) shall be limited to issues with respect to which a Gross-Up Payment would be payable, and (C) Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or other taxing authority.

(d) Any Williams Party may at any time in its discretion direct Executive to (i) contest the IRS Claim in any lawful manner or (ii) pay the amount specified in an IRS Claim and pursue a Refund Claim; provided, however, that if a Williams Party directs Executive to pay an IRS Claim and pursue a Refund Claim, the Williams Party shall advance the amount of such payment to Executive on an interest-free basis and shall indemnify Executive, on an after-tax basis, for any Excise Tax or income tax, including related interest or penalties, imposed with respect to such advance.

(e) The Williams Party shall pay directly all legal, accounting and other costs and expenses (including additional interest and penalties) incurred by the Williams Party or Executive in connection with any IRS Claim or Refund Claim, as applicable, and shall indemnify Executive, on an after-tax basis, for any Excise Tax or income tax, including related interest and penalties, imposed as a result of such payment of costs and expenses.

3.6 Refunds. If, after the receipt by Executive or the IRS of any payment or advance of Excise Taxes or other Taxes by any Williams Party, Executive receives any refund with respect to such Excise Taxes, Executive shall (subject to the Employer complying with any applicable requirements of Section 3.5) promptly pay the Williams Party which paid the Gross-Up Payment the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Executive of an amount advanced by any Williams Party pursuant to Section 3.5 or receipt by the IRS of an amount paid by a Williams Party on behalf of Executive pursuant to Section 3.5, a determination is made that Executive shall not be entitled to any refund with respect to such claim and a Williams Party does not notify Executive in writing of its intent to contest such determination within 30 days after the Williams Parties receive written notice of such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid. Any contest of a denial of refund shall be controlled by Section 3.5(d).

ARTICLE IV.

EXPENSES AND INTEREST

4.1 Legal and Other Expenses.

(a) If Executive incurs legal fees or other expenses (including expert witness and accounting fees) in an effort to determine, secure, preserve, establish entitlement to, or obtain benefits under this Agreement (collectively, "Legal and Other Expenses"), Executive shall, regardless of the outcome of such effort, be entitled to payment of or reimbursement for such Legal and Other Expenses in accordance with Section 4.1(b).

(b) All Legal and Other Expenses shall be paid or reimbursed on a monthly basis within 10 days after presentation of Executive's written request for reimbursement accompanied by evidence that such Legal and Other Expenses were incurred.

(c) If Executive does not prevail (after exhaustion of all available judicial remedies) in respect of a claim by Executive or by one or more of the Williams Parties, hereunder, and such parties establish before a court of competent jurisdiction that Executive had no reasonable basis for his claim hereunder, or for his response to such parties' claim hereunder, or acted in bad faith, no further payment of or reimbursement for Legal and Other Expenses shall be due to Executive in respect of such claim and Executive shall refund any amounts previously paid or reimbursed hereunder with respect to such claim.

4.2 Interest. If an amount due is not paid to Executive under this Agreement within five business days after such amount first became due and owing, interest shall accrue on such

amount from the date it became due and owing until the date of payment at a annual rate equal to 200 basis points above the base commercial lending rate published in The Wall Street Journal in effect from time to time during the period of such nonpayment.

ARTICLE V.

NO SET-OFF OR MITIGATION

5.1 No Set-off by Williams. Executive's right to receive when due the payments and other benefits provided for under this Agreement is absolute, unconditional and subject to no setoff, counterclaim, recoupment, or other claim, right or action that any Williams Party may have against Executive or others, except as expressly provided in this Section. Notwithstanding the prior sentence, any Williams Party shall have the right to deduct any amounts outstanding on any loans or other extensions of credit to Executive from a Williams Party from Executive's payments and other benefits (if any) provided for under this Agreement. Time is of the essence in the performance by the Williams Parties of their respective obligations under this Agreement.

5.2 No Mitigation. Executive shall not have any duty to mitigate the amounts payable by any Williams Party under this Agreement by seeking new employment or self-employment following termination. Except as specifically otherwise provided in this Agreement, all amounts payable pursuant to this Agreement shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to Executive as the result of Executive's employment by another employer or self-employment.

ARTICLE VI.

RESTRICTIVE COVENANTS

6.1 Confidential Information. The Executive acknowledges that in the course of performing services for Williams and its Affiliates, Executive may create (alone or with others), learn of, have access to and receive Confidential Information. The Executive recognizes that all such Confidential Information is the sole and exclusive property of Williams and its Affiliates or of third parties which Williams or Affiliate is obligated to keep confidential, that it is Williams' policy to keep all such Confidential Information confidential, and that disclosure of Confidential Information would cause damage to Williams and its Affiliates. The Executive agrees that, except as required by the duties of Executive's employment with Williams or any of its Affiliates and except in connection with enforcing the Executive's rights under this Agreement or if compelled by a court or governmental agency, in each case provided that prior written notice is given to Williams, Executive will not, without the written consent of Williams, willfully disseminate or otherwise disclose, directly or indirectly, any Confidential Information obtained during his employment with the Williams or its Affiliates, and will take all necessary precautions to prevent disclosure, to any unauthorized individual or entity inside or outside Williams, and will not use the Confidential Information or permit its use for the benefit of Executive or any other Person other than Williams or its Affiliates. These obligations shall continue during and after the termination of Executive's employment for any reason and for so long as the Confidential Information remains Confidential Information.

6.2 Non-Competition. During the period beginning on the Agreement Date and ending on the first anniversary of the Termination Date, regardless of the reason for Executive's Termination of Employment, Executive agrees that without the written consent of Williams Executive shall not at any time, directly or indirectly, in any capacity:

(a) engage or participate in, become employed by, serve as a director of, or render advisory or consulting or other services in connection with, any Competitive Business; provided, however, that after the Executive's Termination of Employment, this Section 6.2 shall not preclude Executive from (i) being an employee of, or consultant to, any business unit of a Competitive Business if (A) such business unit does not qualify as a Competitive Business in its own right and (B) Executive does not have any direct or indirect involvement in, or responsibility for, any operations of such Competitive Business that cause it to qualify as a Competitive Business, or (ii) with the approval of Williams, being a consultant to, an advisor to, a director of, or an employee of a Competitive Business; or

(b) make or retain any financial investment, whether in the form of equity or debt, or own any interest, in any Competitive Business. Nothing in this subsection (b) shall, however, restrict Executive from making an investment in any Competitive Business if such investment does not (i) represent more than 1% of the aggregate market value of the outstanding capital stock or debt (as applicable) of such Competitive Business, (ii) give Executive any right or ability, directly or indirectly, to control or influence the policy decisions or management of such Competitive Business, or (iii) create a conflict of interest between Executive's duties to Williams and its Affiliates or under this Agreement and his interest in such investment.

6.3 Non-Solicitation. During the period beginning on the Agreement Date and ending on the first anniversary of the Termination Date, regardless of the reason for Executive's Termination of Employment, Executive shall not, directly or indirectly:

(a) other than in connection with the good-faith performance of his duties as an officer of Williams or its Affiliates, cause or attempt to cause any employee or agent of Williams or an Affiliate to terminate his or her relationship with Williams or an Affiliate;

(b) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser, of any employee or agent of Williams or an Affiliate (other than by Williams or its Affiliates), or cause or attempt to cause any Person to do any of the foregoing;

(c) establish (or take preliminary steps to establish) a business with, or cause or attempt to cause others to establish (or take preliminary steps to establish) a business with, any employee or agent of Williams or an Affiliate, if such business is or will be a Competitive Business; or

(d) interfere with the relationship of Williams or an Affiliate with, or endeavor to entice away from Williams or an Affiliate, any Person who or which at any time during the period commencing one year prior to the Termination Date was or is, to the Executive's knowledge, a material customer or material supplier of, or maintained a material business relationship with, Williams or an Affiliate.

6.4 Intellectual Property.

(a) During the period of Executive's employment with Williams and any Affiliate, and thereafter upon Williams' request, regardless of the reason for Executive's Termination of Employment, Executive shall disclose immediately to Williams all Work Product that: (i) relates to the business of Williams or any Affiliate or any customer or supplier to Williams or an Affiliate or any of the products or services being developed, manufactured, sold or otherwise provided by Williams or an Affiliate or that may be used in relation therewith; or (ii) results from tasks or projects assigned to Executive by Williams or an Affiliate; or (iii) results from the use of the premises or personal property (whether tangible or intangible) owned, leased or contracted for by Williams or an Affiliate. Executive agrees that any Work Product shall be the property of Williams and, if subject to copyright, shall be considered a "work made for hire" within the meaning of the Copyright Act of 1976, as amended. If and to the extent that any such Work Product is not a "work made for hire" within the meaning of the Copyright Act of 1976, as amended, Executive hereby assigns to Williams all right, title and interest in and to the Work Product, and all copies thereof, and the copyright, patent, trademark, trade secret and all proprietary rights in the Work Product, without further consideration, free from any claim, lien for balance due, or rights of retention thereto on the part of Executive.

(b) Williams hereby notifies Executive that the preceding Section 6.4(a) does not apply to any inventions for which no equipment, supplies, facility, or trade secret information of Williams or an Affiliate was used and which was developed entirely on the Executive's own time, unless: (i) the invention relates (a) to the business of Williams or an Affiliate, or (b) to the actual or demonstrably anticipated research or development of Williams or any Affiliate, or (ii) the invention results from any work performed by the Executive for Williams or any Affiliate.

(c) Executive agrees that upon disclosure of Work Product to Williams, Executive will, during employment and at any time thereafter, at the request and cost of Williams, execute all such documents and perform all such acts as Williams or an Affiliate (or their respective duly authorized agents) may reasonably require: (i) to apply for, obtain and vest in the name of Williams alone (unless Williams otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world, and when so obtained or vested to renew and restore the same; and (ii) to prosecute or defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection, or otherwise in respect of the Work Product.

(d) In the event that Williams is unable, after reasonable effort, to secure Executive's execution of such documents as provided in Section 6.4(c), whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints Williams and its duly authorized officers and agents as his agent and attorney-in-fact, to act for and on his behalf to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution, issuance and protection of letters patent, copyright and other intellectual property protection with the same legal force and effect as if personally executed by Executive.

6.5 Non-Disparagement.

(a) Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (i) accuses or implies that Williams and/or any of its Affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of Williams, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the business or reputation of Williams and/or any of its Affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

(b) Williams agrees not to authorize any statement, observation or opinion, or communicate any information (whether oral or written, direct or indirect) that (i) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment or termination thereof with Williams, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

(c) Nothing herein shall be deemed to preclude Executive or Williams from providing truthful testimony or information pursuant to subpoena, court or other similar legal process.

6.6 Reasonableness of Restrictive Covenants.

(a) Executive acknowledges that the covenants contained in this Agreement are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect Williams' legitimate interests in its Confidential Information, its proprietary work, and in its relationships with its employees, customers and suppliers.

(b) Williams has, and the Executive has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants. Executive acknowledges that his observance of the covenants contained herein will not deprive Executive of the ability to earn a livelihood or to support his or her dependents.

(c) Executive understands he is bound by the terms of this Article VI, whether or not he receives severance payments under the Agreement or otherwise.

6.7 Right to Injunction: Survival of Undertakings.

(a) In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by this Agreement, Executive and Williams agree that it would be impossible to measure solely in money the damages which Williams would suffer if Executive were to breach any of his obligations hereunder. Executive acknowledges that any breach of any provision of this Agreement would irreparably injure Williams. Accordingly, Executive agrees that if he breaches any of the provisions of this

Agreement, Williams shall be entitled, in addition to any other remedies to which Williams may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of this Agreement, and Executive hereby waives any right to assert any claim or defense that Williams has an adequate remedy at law for any such breach.

(b) If a court determines that any covenant included in this Article VI is unenforceable in whole or in part because of such covenant's duration or geographical or other scope, such court shall have the power to modify the duration or scope of such provision, as the case may be, so as to cause such covenant as so modified to be enforceable.

(c) All of the provisions of this Agreement shall survive any Termination of Employment of the Executive, without regard to the reasons for such termination. Notwithstanding Section 2.6, in addition to any other rights it may have, neither Williams nor any Affiliate shall have any obligation to pay or provide severance or other benefits (except as may be required under the Employee Retirement Income Security Act of 1974, as amended) after the Termination Date if the Executive has breached any of Executive's obligations under this Agreement.

ARTICLE VII.

NON-EXCLUSIVITY OF RIGHTS

7.1 Waiver of Certain Other Rights. To the extent that Executive shall have received severance payments or other severance benefits under any other plan, program, policy, practice or procedure or agreement of any Williams Party prior to receiving severance payments or other severance benefits pursuant to Article II, the severance payments or other severance benefits under such other plan, program, policy, practice or procedure or agreement shall reduce (but not below zero) the corresponding severance payments or other benefits to which Executive shall be entitled under Article II. To the extent that Executive accepts payments made pursuant to Article II, he shall be deemed to have waived his right to receive a corresponding amount of future severance payments or other severance benefits under any other plan, program, policy, practice or procedure or agreement of any Williams Party. To the extent that Executive accepts payments with respect to a Non-Qualified Plan under Section 2.1, Executive shall be deemed to have waived his right to receive duplicate payments or benefits under any Non-Qualified Plan of any Williams Party that have been accrued as of the Termination Date.

7.2 Other Rights. Except as expressly provided in Section 7.1 and as provided in the Recitals to this Agreement, this Agreement shall not prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plan, program, policy, practice or procedure provided by a Williams Party and for which Executive may qualify, nor shall this Agreement limit or otherwise affect such rights as Executive may have under any other agreements with a Williams Party. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, program, policy, practice or procedure and any other payment or benefit required by law at or after the Termination Date shall be payable in accordance with such plan, program, policy, practice or procedure or applicable law except as expressly modified by this Agreement.

7.3 No Right to Continued Employment. Nothing in this Agreement shall guarantee the right of Executive to continue in employment, and Williams and the Employer retain the right to terminate the Executive's employment at any time for any reason or for no reason.

ARTICLE VIII.

CLAIMS PROCEDURES

8.1 Filing a Claim.

(a) Each individual eligible for benefits under this Agreement ("Claimant") may submit his application for benefits ("Claim") to Williams (or to such other person as may be designated by Williams) in writing in such form as is provided or approved by Williams. A Claimant shall have no right to seek review of a denial or benefits, or to bring any action in any court to enforce a Claim, prior to his filing a Claim and exhausting his rights to review under Sections 8.1 and 8.2.

(b) When a Claim has been filed properly, it shall be evaluated and the Claimant shall be notified of the approval or the denial of the Claim within 30 days after the receipt of such Claim. A Claimant shall be given a written notice in which the Claimant shall be advised as to whether the Claim is granted or denied, in whole or in part. If a Claim is denied, in whole or in part, the notice shall contain (i) the specific reasons for the denial, (ii) references to pertinent provisions of this Agreement on which the denial is based, (iii) a description of any additional material or information necessary to perfect the Claim and an explanation of why such material or information is necessary, and (iv) the Claimant's right to seek review of the denial.

8.2 Review of Claim Denial. If a Claim is denied, in whole or in part, or if a Claim is neither approved nor denied within the 30-day period specified Section 8.1(b), the Claimant shall have the right at any time to (a) request that Williams (or such other person as shall be designated in writing by Williams) review the denial or the failure to approve or deny the Claim, (b) review pertinent documents, and (c) submit issues and comments in writing. Within 30 days after such a request is received, Williams shall complete its review and give the Claimant written notice of its decision. Williams shall include in its notice to Claimant the specific reasons for its decision and references to provisions of this Agreement on which its decision is based.

ARTICLE IX.

MISCELLANEOUS

9.1 No Assignability. This Agreement is personal to Executive and without the prior written consent of Williams shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

9.2 Successors. This Agreement shall inure to the benefit of and be binding upon Williams and its successors and assigns. Williams will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Williams (or the Employer during any Post-Change Period other than a Post-Merger of Equals Period) to assume expressly and agree to perform this Agreement in the same manner and to the same extent that Williams (or, if applicable, the Employer) would be required to perform it if no such succession had taken place. Any successor to the business or assets of Williams (or any Employer) which assumes or agrees to perform this Agreement by operation of law, contract, or otherwise shall be jointly and severally liable with Williams (or the Employer) under this Agreement as if such successor were Williams (or the Employer). If Executive's employment is transferred from Williams to a Subsidiary, or from a Subsidiary to Williams or another Subsidiary, the rights and obligations of the Employer (determined prior to such transfer) shall automatically become the rights and obligations of the Employer (determined immediately following such transfer), without requiring the consent of Executive.

9.3 Payments to Beneficiary. If Executive dies before receiving amounts to which Executive is entitled under this Agreement, such amounts shall be paid in a lump sum to one or more beneficiaries designated in writing by Executive (each, a "Beneficiary"). If none is so designated, the Executive's estate shall be his or her Beneficiary.

9.4 Non-Alienation of Benefits. Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, before actually being received by Executive, and any such attempt to dispose of any right to benefits payable under this Agreement shall be void.

9.5 Severability. If any one or more Articles, Sections or other portions of this Agreement are declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any Article, Section or other portion not so declared to be unlawful or invalid. Any Article, Section or other portion so declared to be unlawful or invalid shall be construed so as to effectuate the terms of such Article, Section or other portion to the fullest extent possible while remaining lawful and valid.

9.6 Amendments. This Agreement shall not be amended or modified except by written instrument executed by Williams and Executive.

9.7 Notices. All notices and other communications under this Agreement shall be in writing and delivered by hand, by nationally-recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive, to Executive at his most recent home address on file with Williams.

If to Williams or the Employer:

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing. Notice and communications shall be effective when actually received by the addressee.

9.8 Joint and Several Liability. In the event that the Employer incurs any obligation to Executive pursuant to this Agreement, such Employer, Williams and each Subsidiary, if any, of which such Employer is a subsidiary shall be jointly and severally liable with such Employer for such obligation.

9.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

9.10 Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Oklahoma, without regard to its choice of law principles, except to the extent preempted by federal law.

9.11 Captions. The captions of this Agreement are not a part of the provisions hereof and shall have no force or effect.

9.12 Number and Gender. Wherever appropriate, the singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine.

9.13 Tax Withholding. Williams may withhold from any amounts payable under this Agreement or otherwise payable to Executive any Taxes Williams determines to be required under applicable law or regulation and may report all such amounts payable to such authority as is required by any applicable law or regulation.

9.14 No Rights Prior to Change Date. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall not entitle Executive to any compensation, severance or other payments or benefits of any kind prior to a Change Date.

9.15 Entire Agreement. This Agreement contains the entire understanding of Williams and Executive with respect to its subject matter.

IN WITNESS WHEREOF, Executive and The Williams Companies, Inc. have executed this Change in Control Severance Agreement ________________, 2002.

EXECUTIVE

THE WILLIAMS COMPANIES, INC.

By: -------------------------------------

Title: ----------------------------------

EXHIBIT A

THE WILLIAMS COMPANIES, INC. CHANGE IN CONTROL SEVERANCE AGREEMENT

WAIVER AND RELEASE

[ATTACH Waiver and Release]

EXHIBIT 12

The Williams Companies, Inc. and Subsidiaries
Computation of Ratio of Earnings to Combined Fixed Charges
and Preferred Stock Dividend Requirements
(Dollars in millions)

	Nine months ended September 30, 2002
Earnings:	
Income (loss) from continuing operations before income taxes	$ (947.0)
Add:	
Interest expense - net	828.8
Rental expense representative of interest factor	23.3
Preferred returns and minority interest in income of consolidated subsidiaries	60.6
Interest accrued - 50% owned company	3.7
Equity losses in less than 50% owned companies	16.7
Other	4.9
Total earnings (loss) as adjusted plus fixed charges	$ (9.0)
Fixed charges and preferred stock dividend requirements:	
Interest expense - net	$ 828.8
Capitalized interest	20.0
Rental expense representative of interest factor	23.3
Pre-tax effect of preferred stock dividend requirements of the Company	22.6
Pre-tax effect of preferred returns of subsidiaries	14.7
Interest accrued - 50% owned company	3.7
Combined fixed charges and preferred stock dividend requirements	$ 913.1
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	(a)

(a) Earnings were inadequate to cover combined fixed charges and preferred stock dividend requirements by $922.1 million for the nine months ended September 30, 2002.

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Williams Companies, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven J. Malcolm, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Steven J. Malcolm
- ----------------------------
Steven J. Malcolm
Chief Executive Officer
November 14, 2002

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Williams Companies, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack D. McCarthy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Jack D. McCarthy
- ----------------------------
Jack D. McCarthy
Chief Financial Officer
November 14, 2002